

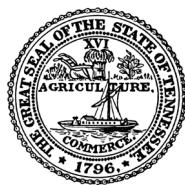
ANNUAL FINANCIAL REPORT

UNION COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2020



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
UNION COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2020

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

UNION COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Union County, Tennessee
For the Year Ended June 30, 2020

Scope

We have audited the basic financial statements of Union County as of and for the year ended June 30, 2020.

Results

Our report on Union County's financial statements is unmodified.

Our audit resulted in one finding and recommendation, which we have reviewed with Union County management. The detailed finding, recommendation, and management's response are included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OFFICE OF SHERIFF

- ◆ An answer key was used to complete online training assessments in the sheriff's office.
-

INTRODUCTORY SECTION

Union County Officials

June 30, 2020

Officials

Jason Bailey, County Mayor
David Cox, Highway Superintendent
James Carter, Director of Schools
Gina Buckner, Trustee
Randy Turner, Assessor of Property
Pam Ailor, County Clerk
Barbara Williams, Circuit and General Sessions Courts Clerk
Sandra Edmondson, Clerk and Master
Mary Beth Kitts, Register of Deeds
Billy Breeding, Sheriff
Ann Dyer, Finance Director

Board of County Commissioners

Jason Bailey, County Mayor, Chairman	Dawn Flatford
Jeff Chesney	R.L. Jones
Gary England	Janet Holloway
Sidney Jessee, Jr.	Jeff Brantley
Jody Smith	Debra Keck
Bill Cox	Larry Lay
Earl Cox	Kenny Hill
Danny Cooke	Becky Munsey
Joyce Meltabarger	

Highway Commission

Allen Collins, Chairman	Harold Brantley
Darrell Dyer	Paul Hill
Wade Brantley	Elmer Munsey
Johnny Raley	

Board of Education

David Coppock, Chairman	Marty Gibbs
Andrew Reed	Gerald Smith
Casey Moore	Danny Collins
Brad Griffey	

(Continued)

Union County Officials (Continued)

Financial Management Committee

Jason Bailey, County Mayor, Chairman
David Cox, Highway Superintendent
James Carter, Director of Schools
Sidney Jessee, Jr

Janet Holloway
Joyce Meltabarger
Dawn Flatford

Audit Committee

Sidney Jessee, Jr., Chairman
Jennifer Garren
Gail Corum

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

Union County Mayor and
Board of County Commissioners
Union County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of June 30, 2020, and the respective changes in financial position thereof and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability, and schedules of county and school changes in the total other postemployment benefits liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and General Capital Projects Funds, combining and individual fund financial statements of the Union County School Department (a discretely presented component unit), miscellaneous schedules and other information such as the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of

federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

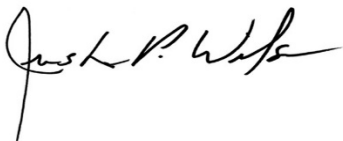
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and the General Capital Projects Funds, combining and individual fund financial statements of the Union County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and the General Capital Projects Funds, combining and individual fund financial statements of the Union County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of Union County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Union County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 6, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Union County, Tennessee
Statement of Net Position
June 30, 2020

	Primary Government Governmental Activities	Component Unit Union County School Department
<u>ASSETS</u>		
Cash	\$ 2,800	\$ 0
Equity in Pooled Cash and Investments	7,420,130	15,225,265
Accounts Receivable	856,359	2,659
Allowance for Uncollectibles	(164,812)	460,207
Due from Other Governments	909,503	0
Property Taxes Receivable	5,213,770	2,753,771
Allowance for Uncollectible Property Taxes	(191,144)	(100,956)
Restricted Assets	0	96,492
Net Pension Asset - Agent Plan	1,103,795	425,852
Net Pension Asset - Teacher Retirement Plan	0	105,026
Net Pension Asset - Teacher Legacy Pension Plan	0	3,390,200
Capital Assets:		
Assets Not Depreciated:		
Land	501,394	1,598,528
Construction in Progress	360,550	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	1,716,130	15,371,949
Infrastructure	3,087,619	124,441
Other Capital Assets	1,011,283	862,931
Total Assets	\$ 21,827,377	\$ 40,316,365
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 804	\$ 0
Pension Changes in Experience	48,426	244,204
Pension Changes in Assumptions	123,181	541,280
Pension Contributions After Measurement Date	272,848	1,386,484
Pension Changes in Proportion	0	24,969
OPEB Changes in Experience	0	550
OPEB Changes in Assumptions	1,492	62,512
OPEB Changes in Proportion	0	49,166
OPEB Contributions After Measurement Date	461	62,567
Total Deferred Outflows of Resources	\$ 447,212	\$ 2,371,732
<u>LIABILITIES</u>		
Accounts Payable	\$ 215,960	\$ 167,051
Accrued Payroll	127,747	744,247
Payroll Deductions Payable	0	451,875
Accrued Interest Payable	16,499	0
Contracts Payable	88,969	0
Retainage Payable	7,257	0
Due to State of Tennessee	0	1,091
Other Current Liabilities	0	228,086
Noncurrent Liabilities:		
Due Within One Year - Debt	828,731	0
Due Within One Year - Other	389,655	111,826
Due in More Than One Year - Debt	5,189,828	0
Due in More Than One Year - Other	61,279	2,148,620
Total Liabilities	\$ 6,925,925	\$ 3,852,796

(Continued)

Exhibit A

Union County, Tennessee
Statement of Net Position (Cont.)

	Primary Government Governmental Activities	Component Unit Union County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 4,874,703	\$ 2,574,686
Pension Changes in Experience	520,040	2,208,573
Pension Changes in Investment Earnings	130,535	1,081,360
Pension Changes in Proportion	0	20,291
OPEB Changes in Experience	18,939	269,867
OPEB Changes in Assumptions	7,421	233,183
OPEB Changes in Proportion	0	685,396
Total Deferred Inflows of Resources	<u>\$ 5,551,638</u>	<u>\$ 7,073,356</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,569,644	\$ 17,957,849
Restricted for:		
General Government	19,235	0
Finance	117,168	0
Administration of Justice	7,995	0
Public Safety	180,731	0
Public Health and Welfare	25,713	0
Social, Cultural, Recreational	10,285	0
Highways	862,035	0
Education	0	992,782
Debt Service	1,560,143	0
Capital Projects	474,078	0
Pensions	1,103,795	4,017,570
Unrestricted	<u>(1,133,796)</u>	<u>8,793,744</u>
Total Net Position	<u>\$ 9,797,026</u>	<u>\$ 31,761,945</u>

The notes to the financial statements are an integral part of this statement.

Exhibit B

Union County, Tennessee
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component
						Unit
						Union County School Department
<u>Primary Government:</u>						
Governmental Activities:						
General Government	\$ 1,399,271	\$ 364,383	\$ 48,981	\$ 50,000	\$ (935,907)	\$ 0
Finance	1,232,367	981,717	0	0	(250,650)	0
Administration of Justice	690,665	290,096	36,719	0	(363,850)	0
Public Safety	3,543,918	264,293	90,596	21,298	(3,167,731)	0
Public Health and Welfare	2,085,081	985,333	299,738	488,612	(311,398)	0
Social, Cultural, and Recreational Services	325,840	1,103	0	0	(324,737)	0
Agriculture and Natural Resources	133,389	0	0	0	(133,389)	0
Highways	2,890,032	6,499	1,927,103	624,188	(332,242)	0
Education	45,511	0	45,511	0	0	0
Interest on Long-term Debt	157,297	0	0	0	(157,297)	0
Total Primary Government	<u>\$ 12,503,371</u>	<u>\$ 2,893,424</u>	<u>\$ 2,448,648</u>	<u>\$ 1,184,098</u>	<u>\$ (5,977,201)</u>	<u>\$ 0</u>
<u>Component Unit:</u>						
Union County School Department	\$ 38,767,881	\$ 197,846	\$ 4,556,903	\$ 0	\$ 0	\$ (34,013,132)
Total Component Unit	<u>\$ 38,767,881</u>	<u>\$ 197,846</u>	<u>\$ 4,556,903</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (34,013,132)</u>

(Continued)

Exhibit B

Union County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component
						Unit
						Union County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,461,714	\$ 2,635,960
Property Taxes Levied for Ambulance Service					474,373	0
Property Taxes Levied for Highways					316,482	0
Property Taxes Levied for Debt Service					612,408	0
Property Taxes Levied for Capital Projects					125,743	0
Local Option Sales Taxes					485,791	1,260,766
Wheel Tax					518,819	0
Business Tax					89,094	0
Hotel/Motel Tax					43,246	0
Wholesale Beer Tax					78,935	0
Mixed Drink Tax					8,685	0
Mineral Severance Tax					87,557	0
Litigation Tax - General					23,972	0
Litigation Tax - Special Purpose					24,371	0
Litigation Tax - Jail, Workhouse, or Courthouse					10,229	0
Other Local Taxes					1,639	67,383
Grants and Contributions Not Restricted to Specific Programs					2,219,264	32,111,758
Unrestricted Investment Income					279,626	0
Gain on Investments					0	2,916
Miscellaneous					178,626	56,236
Total General Revenues					<u>\$ 9,040,574</u>	<u>\$ 36,135,019</u>
Change in Net Position					\$ 3,063,373	\$ 2,121,887
Net Position, July 1, 2019					<u>6,733,653</u>	<u>29,640,058</u>
Net Position, June 30, 2020					<u><u>\$ 9,797,026</u></u>	<u><u>\$ 31,761,945</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Union County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	3,817,657	327,532	540,346	2,204,504	321,698
Accounts Receivable	388,665	467,694	0	0	0
Allowance for Uncollectibles	0	(164,812)	0	0	0
Due from Other Governments	378,820	0	328,112	0	202,571
Due from Other Funds	2,800	0	0	0	0
Property Taxes Receivable	3,638,682	495,574	330,631	177,089	571,794
Allowance for Uncollectible Property Taxes	(133,090)	(18,169)	(12,122)	(14,504)	(13,259)
Total Assets	<u>\$ 8,093,534</u>	<u>\$ 1,107,819</u>	<u>\$ 1,186,967</u>	<u>\$ 2,367,089</u>	<u>\$ 1,082,804</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 151,328	\$ 10,555	\$ 252	\$ 0	\$ 53,825
Accrued Payroll	80,245	31,951	15,551	0	0
Contracts Payable	88,969	0	0	0	0
Retainage Payable	7,257	0	0	0	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	<u>\$ 327,799</u>	<u>\$ 42,506</u>	<u>\$ 15,803</u>	<u>\$ 0</u>	<u>\$ 53,825</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,402,859	\$ 463,345	\$ 309,129	\$ 144,469	\$ 554,901
Deferred Delinquent Property Taxes	87,204	11,935	7,962	15,377	3,085
Other Deferred/Unavailable Revenue	77,154	70,234	151,412	0	0
Total Deferred Inflows of Resources	<u>\$ 3,567,217</u>	<u>\$ 545,514</u>	<u>\$ 468,503</u>	<u>\$ 159,846</u>	<u>\$ 557,986</u>

(Continued)

Exhibit C-1

Union County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 19,235	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Finance	117,168	0	0	0	0
Restricted for Administration of Justice	7,995	0	0	0	0
Restricted for Public Safety	93,472	0	0	0	0
Restricted for Public Health and Welfare	25,713	0	0	0	0
Restricted for Social, Cultural, and Recreational Services	10,285	0	0	0	0
Restricted for Highways/Public Works	0	0	702,661	0	0
Restricted for Debt Service	0	0	0	1,561,265	0
Restricted for Capital Projects	0	0	0	0	470,993
Committed:					
Committed for Public Health and Welfare	0	519,799	0	0	0
Committed for Other Operations	93,642	0	0	0	0
Committed for Debt Service	0	0	0	645,978	0
Committed for Capital Projects	0	0	0	0	0
Unassigned	3,831,008	0	0	0	0
Total Fund Balances	<u>\$ 4,198,518</u>	<u>\$ 519,799</u>	<u>\$ 702,661</u>	<u>\$ 2,207,243</u>	<u>\$ 470,993</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,093,534</u>	<u>\$ 1,107,819</u>	<u>\$ 1,186,967</u>	<u>\$ 2,367,089</u>	<u>\$ 1,082,804</u>

(Continued)

Exhibit C-1

Union County, Tennessee
 Balance Sheet
 Governmental Funds (Cont.)

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 2,800	\$ 2,800	
Equity in Pooled Cash and Investments	208,393	7,420,130	
Accounts Receivable	0	856,359	
Allowance for Uncollectibles	0	(164,812)	
Due from Other Governments	0	909,503	
Due from Other Funds	0	2,800	
Property Taxes Receivable	0	5,213,770	
Allowance for Uncollectible Property Taxes	0	(191,144)	
Total Assets	<u>\$ 211,193</u>	<u>\$ 14,049,406</u>	
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 215,960	
Accrued Payroll	0	127,747	
Contracts Payable	0	88,969	
Retainage Payable	0	7,257	
Due to Other Funds	2,800	2,800	
Total Liabilities	<u>\$ 2,800</u>	<u>\$ 442,733</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 4,874,703	
Deferred Delinquent Property Taxes	0	125,563	
Other Deferred/Unavailable Revenue	0	298,800	
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 5,299,066</u>	

(Continued)

Exhibit C-1

Union County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Finance

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Public Health and Welfare

Restricted for Social, Cultural, and Recreational Services

Restricted for Highways/Public Works

Restricted for Debt Service

Restricted for Capital Projects

Committed:

Committed for Public Health and Welfare

Committed for Other Operations

Committed for Debt Service

Committed for Capital Projects

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
\$	0	\$ 19,235
	0	117,168
	0	7,995
	87,259	180,731
	0	25,713
	0	10,285
	0	702,661
	0	1,561,265
	0	470,993
	0	519,799
	0	93,642
	0	645,978
	121,134	121,134
	0	3,831,008
\$	208,393	\$ 8,307,607
\$	211,193	\$ 14,049,406

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Union County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	8,307,607
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	501,394	
Add: construction in progress		360,550	
Add: buildings and improvements net of accumulated depreciation		1,716,130	
Add: infrastructure net of accumulated depreciation		3,087,619	
Add: other capital assets net of accumulated depreciation		<u>1,011,283</u>	6,676,976
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(56,958)	
Less: bonds payable		(5,674,501)	
Add: deferred charge on refunding		804	
Less: unamortized premium on debt		(287,100)	
Less: compensated absences		(389,655)	
Less: other postemployment benefits liability		(61,279)	
Less: accrued interest on bonds and notes		<u>(16,499)</u>	(6,485,188)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension and OPEB expense in future years.			
Add: deferred outflows of resources related to OPEB	\$	1,953	
Less: deferred inflows of resources related to OPEB		(26,360)	
Add: deferred outflows of resources related to pensions		444,455	
Less: deferred inflows of resources related to pensions		<u>(650,575)</u>	(230,527)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			1,103,795
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>424,363</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>9,797,026</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Union County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 4,599,589	\$ 473,608	\$ 403,530	\$ 1,131,133	\$ 128,037
Licenses and Permits	94,278	0	0	0	0
Fines, Forfeitures, and Penalties	71,993	0	0	0	0
Charges for Current Services	621,818	983,589	0	0	0
Other Local Revenues	115,816	7,268	29,457	279,626	0
Fees Received From County Officials	789,452	0	0	0	0
State of Tennessee	1,703,878	0	2,495,913	0	1,555
Federal Government	113,216	117,326	65,181	0	228,542
Other Governments and Citizens Groups	0	0	0	781,150	140,070
Total Revenues	\$ 8,110,040	\$ 1,581,791	\$ 2,994,081	\$ 2,191,909	\$ 498,204
<u>Expenditures</u>					
Current:					
General Government	\$ 1,043,015	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,254,048	0	0	0	0
Administration of Justice	650,647	0	0	0	0
Public Safety	3,541,555	0	0	0	0
Public Health and Welfare	532,039	1,475,560	0	0	0
Social, Cultural, and Recreational Services	328,170	0	0	0	0
Agriculture and Natural Resources	134,262	0	0	0	0
Other Operations	174,096	0	0	0	0
Highways	46,669	0	3,026,335	0	0
Instruction	45,511	0	0	0	0
Debt Service:					
Principal on Debt	0	0	0	1,746,714	0
Interest on Debt	0	0	0	208,670	0

(Continued)

Exhibit C-3

Union County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds				
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 0	\$ 27,712	\$ 0
Capital Projects	0	0	0	0	435,200
Total Expenditures	\$ 7,750,012	\$ 1,475,560	\$ 3,026,335	\$ 1,983,096	\$ 435,200
Excess (Deficiency) of Revenues Over Expenditures	\$ 360,028	\$ 106,231	\$ (32,254)	\$ 208,813	\$ 63,004
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 24,131	\$ 160,831	\$ 3,250	\$ 0	\$ 8,525
Transfers In	0	0	0	104,350	0
Transfers Out	0	(45,326)	(59,024)	0	0
Total Other Financing Sources (Uses)	\$ 24,131	\$ 115,505	\$ (55,774)	\$ 104,350	\$ 8,525
Net Change in Fund Balances	\$ 384,159	\$ 221,736	\$ (88,028)	\$ 313,163	\$ 71,529
Fund Balance, July 1, 2019	3,814,359	298,063	790,689	1,894,080	399,464
Fund Balance, June 30, 2020	\$ 4,198,518	\$ 519,799	\$ 702,661	\$ 2,207,243	\$ 470,993

(Continued)

Exhibit C-3

Union County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 6,735,897	
Licenses and Permits	0	94,278	
Fines, Forfeitures, and Penalties	30,408	102,401	
Charges for Current Services	7,971	1,613,378	
Other Local Revenues	122,208	554,375	
Fees Received From County Officials	0	789,452	
State of Tennessee	0	4,201,346	
Federal Government	58,710	582,975	
Other Governments and Citizens Groups	0	921,220	
Total Revenues	\$ 219,297	\$ 15,595,322	
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 1,043,015	
Finance	0	1,254,048	
Administration of Justice	7,971	658,618	
Public Safety	82,663	3,624,218	
Public Health and Welfare	0	2,007,599	
Social, Cultural, and Recreational Services	0	328,170	
Agriculture and Natural Resources	0	134,262	
Other Operations	73,768	247,864	
Highways	0	3,073,004	
Instruction	0	45,511	
Debt Service:			
Principal on Debt	0	1,746,714	
Interest on Debt	0	208,670	

(Continued)

Exhibit C-3

Union County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>			
Debt Service (Cont.)			
Other Debt Service	\$	0	\$ 27,712
Capital Projects		0	435,200
Total Expenditures	\$	164,402	\$ 14,834,605
 Excess (Deficiency) of Revenues Over Expenditures	 \$	 54,895	 \$ 760,717
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$	0	\$ 196,737
Transfers In		0	104,350
Transfers Out		0	(104,350)
Total Other Financing Sources (Uses)	\$	0	\$ 196,737
 Net Change in Fund Balances	 \$	 54,895	 \$ 957,454
Fund Balance, July 1, 2019		153,498	7,350,153
 Fund Balance, June 30, 2020	 \$	 208,393	 \$ 8,307,607

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Union County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	957,454
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	977,176	
Less: current-year depreciation expense		(602,181)	374,995
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: net book value of assets disposed	\$	(196,650)	
Add: assets donated and capitalized		21,296	(175,354)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$	424,363	
Less: deferred delinquent property taxes and other deferred June 30, 2019		(474,326)	(49,963)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.			
Add: principal payments on notes	\$	99,941	
Add: principal payments on bonds		1,646,773	
Less: change in deferred amount on refunding		(609)	
Add: change in unamortized premium on debt		46,519	1,792,624
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	5,463	
Change in compensated absences payable		(19,473)	
Change in net OPEB liability/asset		(1,841)	
Change in net pension liability/asset		509,832	
Change in deferred outflows related to OPEB		1,528	
Change in deferred inflows related to OPEB		(562)	
Change in deferred outflows related to pensions		(61,056)	
Change in deferred inflows related to pensions		(270,274)	163,617
Change in net position of governmental activities (Exhibit B)		\$	<u>3,063,373</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-5

Union County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,599,589	\$ 4,480,395	\$ 4,505,395	\$ 94,194
Licenses and Permits	94,278	109,768	109,768	(15,490)
Fines, Forfeitures, and Penalties	71,993	100,622	100,622	(28,629)
Charges for Current Services	621,818	553,744	663,034	(41,216)
Other Local Revenues	115,816	49,331	60,744	55,072
Fees Received From County Officials	789,452	802,907	802,907	(13,455)
State of Tennessee	1,703,878	1,483,768	1,770,487	(66,609)
Federal Government	113,216	0	15,000	98,216
Total Revenues	\$ 8,110,040	\$ 7,580,535	\$ 8,027,957	\$ 82,083
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 66,203	\$ 67,551	\$ 67,551	\$ 1,348
Board of Equalization	780	800	800	20
Beer Board	1,407	1,522	1,522	115
County Mayor/Executive	187,107	189,041	192,910	5,803
County Attorney	13,243	13,628	13,628	385
Election Commission	153,876	194,686	186,701	32,825
Register of Deeds	175,401	187,400	189,467	14,066
Development	10,786	12,294	12,294	1,508
County Buildings	385,747	392,069	393,931	8,184
Other General Administration	48,465	52,280	51,914	3,449
<u>Finance</u>				
Accounting and Budgeting	313,010	311,179	350,022	37,012
Property Assessor's Office	214,879	232,377	234,761	19,882
County Trustee's Office	243,649	250,374	252,831	9,182
County Clerk's Office	378,772	386,640	418,588	39,816
Other Finance	103,738	100,000	105,000	1,262
<u>Administration of Justice</u>				
Circuit Court	289,993	305,013	308,536	18,543
General Sessions Court	155,276	160,738	161,308	6,032
Chancery Court	186,323	189,889	192,776	6,453
Victim Assistance Programs	19,055	20,110	21,045	1,990
<u>Public Safety</u>				
Sheriff's Department	1,454,263	1,477,637	1,537,466	83,203
Special Patrols	393,855	324,186	417,456	23,601
Jail	1,317,617	1,179,466	1,400,762	83,145
Juvenile Services	89,820	102,491	104,189	14,369
Fire Prevention and Control	71,000	71,000	71,000	0
Rescue Squad	22,000	22,000	22,000	0
Other Emergency Management	151,000	152,416	152,416	1,416
County Coroner/Medical Examiner	42,000	42,000	42,000	0
<u>Public Health and Welfare</u>				
Local Health Center	196,235	58,500	229,527	33,292
Other Local Health Services	152,939	209,300	210,300	57,361
Appropriation to State	0	23,500	0	0
Sanitation Management	14,865	13,000	14,866	1
Convenience Centers	168,000	168,000	168,000	0

(Continued)

Exhibit C-5

Union County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	\$ 105,453	\$ 112,067	\$ 113,603	\$ 8,150
Libraries	207,412	190,348	226,112	18,700
Parks and Fair Boards	15,305	30,000	31,113	15,808
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	73,014	74,291	74,291	1,277
Forest Service	500	500	500	0
Soil Conservation	60,748	61,978	62,942	2,194
<u>Other Operations</u>				
Veterans' Services	16,790	19,636	20,727	3,937
Other Charges	107,000	75,000	108,500	1,500
Employee Benefits	48,260	52,993	52,993	4,733
COVID-19 Grant #1	2,046	0	0	(2,046)
<u>Highways</u>				
Litter and Trash Collection	46,669	50,831	51,562	4,893
<u>Instruction</u>				
Career and Technical Education Program	45,511	0	50,000	4,489
Total Expenditures	<u>\$ 7,750,012</u>	<u>\$ 7,578,731</u>	<u>\$ 8,317,910</u>	<u>\$ 567,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 360,028</u>	<u>\$ 1,804</u>	<u>\$ (289,953)</u>	<u>\$ 649,981</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 24,131	0	\$ 23,631	\$ 500
Total Other Financing Sources	<u>\$ 24,131</u>	<u>0</u>	<u>\$ 23,631</u>	<u>\$ 500</u>
Net Change in Fund Balance	\$ 384,159	1,804	\$ (266,322)	\$ 650,481
Fund Balance, July 1, 2019	<u>3,814,359</u>	<u>3,166,915</u>	<u>3,166,915</u>	<u>647,444</u>
Fund Balance, June 30, 2020	<u>\$ 4,198,518</u>	<u>\$ 3,168,719</u>	<u>\$ 2,900,593</u>	<u>\$ 1,297,925</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Union County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 473,608	\$ 464,932	\$ 464,932	\$ 8,676
Charges for Current Services	983,589	1,059,500	1,054,000	(70,411)
Other Local Revenues	7,268	0	0	7,268
Federal Government	117,326	0	99,516	17,810
Total Revenues	<u>\$ 1,581,791</u>	<u>\$ 1,524,432</u>	<u>\$ 1,618,448</u>	<u>\$ (36,657)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 1,475,560	\$ 1,581,737	\$ 1,647,826	\$ 172,266
Total Expenditures	<u>\$ 1,475,560</u>	<u>\$ 1,581,737</u>	<u>\$ 1,647,826</u>	<u>\$ 172,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 106,231</u>	<u>\$ (57,305)</u>	<u>\$ (29,378)</u>	<u>\$ 135,609</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 160,831	0	17,399	143,432
Transfers Out	(45,326)	0	(45,326)	0
Total Other Financing Sources	<u>\$ 115,505</u>	<u>\$ 0</u>	<u>\$ (27,927)</u>	<u>\$ 143,432</u>
Net Change in Fund Balance	\$ 221,736	\$ (57,305)	\$ (57,305)	279,041
Fund Balance, July 1, 2019	<u>298,063</u>	<u>150,404</u>	<u>150,404</u>	<u>147,659</u>
Fund Balance, June 30, 2020	<u>\$ 519,799</u>	<u>\$ 93,099</u>	<u>\$ 93,099</u>	<u>\$ 426,700</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-7

Union County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 403,530	\$ 387,097	\$ 387,097	\$ 16,433
Other Local Revenues	29,457	13,900	14,520	14,937
State of Tennessee	2,495,913	2,090,250	3,097,564	(601,651)
Federal Government	65,181	0	65,181	0
Total Revenues	\$ 2,994,081	\$ 2,491,247	\$ 3,564,362	\$ (570,281)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 278,324	\$ 276,442	\$ 289,857	\$ 11,533
Highway and Bridge Maintenance	1,947,320	1,709,585	2,020,875	73,555
Operation and Maintenance of Equipment	178,064	212,508	223,894	45,830
Ferry Operations	91,292	93,591	96,046	4,754
Other Charges	98,748	165,200	101,997	3,249
Capital Outlay	432,587	230,000	1,166,450	733,863
Total Expenditures	\$ 3,026,335	\$ 2,687,326	\$ 3,899,119	\$ 872,784
Excess (Deficiency) of Revenues Over Expenditures	\$ (32,254)	\$ (196,079)	\$ (334,757)	\$ 302,503
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 3,250	0	\$ 13,058	\$ (9,808)
Transfers Out	(59,024)	0	(59,024)	0
Total Other Financing Sources	\$ (55,774)	0	\$ (45,966)	\$ (9,808)
Net Change in Fund Balance	\$ (88,028)	\$ (196,079)	\$ (380,723)	\$ 292,695
Fund Balance, July 1, 2019	790,689	589,212	589,212	201,477
Fund Balance, June 30, 2020	\$ 702,661	\$ 393,133	\$ 208,489	\$ 494,172

The notes to the financial statements are an integral part of this statement.

Exhibit D

Union County, Tennessee
Statement of Fiduciary Assets and Liabilities
June 30, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 565,187
Accounts Receivable	2,689
Due from Other Governments	<u>148,343</u>
Total Assets	<u><u>\$ 716,219</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 148,343
Due to Litigants, Heirs, and Others	<u>567,876</u>
Total Liabilities	<u><u>\$ 716,219</u></u>

The notes to the financial statements are an integral part of this statement.

UNION COUNTY, TENNESSEE

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UNION COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Union County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Union County:

A. Reporting Entity

Union County is a public municipal corporation governed by an elected 16-member board. As required by GAAP, these financial statements present Union County (the primary government) and its component units. The financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Union County School Department operates the public school system in the county, and the voters of Union County elect its board. The school department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The school department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Union County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Union County, and the county commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Union County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Union County Solid Waste Authority oversees the area's solid waste disposal operations, including services provided through a private contractor. The county commission appoints a majority of members of the authority's governing body and must approve any debt issued by the authority. The financial statements of the Union County Solid Waste Authority were not material to the component units' opinion unit and therefore have been omitted from this report.

The Union County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Union County Emergency Communications District and the Union County Solid Waste Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Union County Emergency Communications District
130 Veteran Street
Suite A
Maynardville, TN 37807

Union County Solid Waste Authority
P.O. Box 727
Maynardville, TN 37807

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Union County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Union County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or

directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Union County issues all debt for the discretely presented Union County School Department. No debt issues were contributed by the county to the school department during the year ended June 30, 2020.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Union County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Union County has no proprietary funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. Fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Union County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable wheel taxes, business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded as a liability when incurred, regardless of the timing of related cash flows.

Union County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Ambulance Service Fund – This special revenue fund is used to account for transactions related to the ambulance service provided by the county. Patient charges are the foundational revenues of this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s highway department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

General Capital Projects Fund – This fund is used to account for general capital expenditures of the county.

Additionally, Union County reports the following fund types:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes

received by the state to be forwarded to the various cities in Union County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Union County School Department reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the school department. It is used to account for general operations of the school department.

Other Education Special Revenue Fund – This fund accounts for state revenues, which are committed for use in the virtual education program.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for funding for building construction and renovations of the school department.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; the State Treasurer's Intermediate Term Investment Fund; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Union County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Union County and the school

department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United State of America. Union County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value. Other than the pension stabilization trust discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/due from other funds.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles are comprised of estimated amounts for write-offs involving Medicare and Medicaid and estimated amounts of other collections based on the history of the source of receipt (i.e., insurance companies and private citizens). The allowance for uncollectible property taxes is equal to 1.93 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. Other Current Liabilities of the discretely presented school department represent the balance in the health insurance premiums clearing account. Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. Those amounts are held by the county trustee as Equity in Pooled Cash and Investments in the applicable funds.

3. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Union County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate

funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Union County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Union County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. **Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000; and infrastructure with an initial cost of \$25,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented school department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	5 - 50
Other Capital Assets	3 - 50
Infrastructure	10 - 50

5. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources,

represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the deferred charge on refunding, pension and OPEB changes in experience, pension and OPEB changes in assumptions, pension and OPEB contributions after the measurement date, and pension and OPEB changes in proportion.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension and OPEB changes in experience, pension changes in investment earnings, pension and OPEB changes in proportion, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

6. Compensated Absences

It is the county and school department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since neither Union County nor the Union County School Department has a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. Long-term Debt and Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of

the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2020, Union County had \$5,640,556 in outstanding debt for capital purposes for the discretely presented Union County School Department. The debt is a liability of Union County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Union County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the school department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission makes assignments for the general government. The Board of Education makes assignments for the school department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

9. Fund Balance Policy

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds the county approved the following minimum/maximum fund balance policy:

General Fund – 35 to 45 percent of proposed current-year appropriations.

Highway/Public Works Fund – 7 to 15 percent of proposed current-year appropriations

General Purpose School Fund – 8 to 16 percent of proposed current-year appropriations.

Debt Service Fund – 50 to 150 percent of proposed current-year appropriations.

The policy establishes guidelines for steps to be taken by the budget committee and county commission when fund balance in the above funds is not optimal. If the fund balance is lower than the stated policy, the budget committee should consider increasing revenue or reducing appropriations to adjust the fund balance into an acceptable range. If the low fund balance is in the debt service fund, the county will consider whether the fund anticipates future increases or decreases in annual appropriations before adjustments to revenues are made. If the fund balance in the General, Highway, or General Purpose School funds is greater than the stated optimal fund balance policy, then the funds over the optimal fund balance amount should be used for capital expenses and possibly transferred to the respective capital project fund for capital improvements. The General Purpose School Fund transferred \$2,279,557 of fund balance to the Education Capital Projects Fund during the year in compliance with this policy.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Union County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Union County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the

Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Union County School Department

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Union County. For this purpose, Union County recognizes benefit payments when due and payable in accordance with benefit terms. Union County's OPEB plan is not administered through a trust.

Discretely Presented Union County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Union County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Union County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Union County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county’s budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis, if any, is presented on the face of each budgetary schedule.

At June 30, 2020, Union County and the Union County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Amount</u>
Primary Government	
Major Fund:	
General Capital Projects	\$53,825
School Department:	
Major Fund:	
General Purpose Schools	\$28,852

B. Inappropriate Use of Answer Key for Online Training Assessments in the Sheriff’s Office

The sheriff’s office inappropriately provided an answer key to employees to assist in passing online training assessments and to obtain salary supplements based upon those assessments. Further details are presented in the Schedule of Findings and Questioned Costs in the Single Audit Section of this report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Union County and the Union County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund’s portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to

be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Other than the TCRS stabilization trust discussed below, the county had no pooled and nonpooled investments as of June 30, 2020.

TCRS Stabilization Trust

Legal Provisions. The Union County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Union County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are

performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2020, the Union County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 29,913
Developed Market International Equity	N/A	N/A	13,509
Emerging Market International Equity	N/A	N/A	3,860
U.S. Fixed Income	N/A	N/A	19,298
Real Estate	N/A	N/A	9,649
Short-term Securities	N/A	N/A	965
NAV - Private Equity and Strategic Lending	N/A	N/A	19,298
Total			<u>\$ 96,492</u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment by Fair Value Level	Fair Value 6-30-20				
U.S. Equity	\$ 29,913	\$ 29,913	\$ 0	\$ 0	0
Developed Market International Equity	13,509	13,509	0	0	0
Emerging Market International Equity	3,860	3,860	0	0	0
U.S. Fixed Income	19,298	0	19,298	0	0
Real Estate	9,649	0	0	9,649	0
Short-term Securities	965	0	965	0	0
Private Equity and Strategic Lending	19,298	0	0	0	19,298
Total	<u>\$ 96,492</u>	<u>\$ 47,282</u>	<u>\$ 20,263</u>	<u>\$ 9,649</u>	<u>\$ 19,298</u>

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Union County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Union County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Union County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Union County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>

B. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

Primary Government**Governmental Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 566,080	\$ 0	\$ (64,686)	\$ 501,394
Construction in Progress	0	360,550	0	360,550
Total Capital Assets Not Depreciated	\$ 566,080	\$ 360,550	\$ (64,686)	\$ 861,944
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,789,031	\$ 73,990	\$ 0	\$ 3,863,021
Infrastructure	3,984,118	370,599	0	4,354,717
Other Capital Assets	3,681,167	193,333	(183,125)	3,691,375
Total Capital Assets Depreciated	\$ 11,454,316	\$ 637,922	\$ (183,125)	\$ 11,909,113
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,043,513	\$ 103,378	\$ 0	\$ 2,146,891
Infrastructure	1,163,634	103,464	0	1,267,098
Other Capital Assets	2,335,914	395,339	(51,161)	2,680,092
Total Accumulated Depreciation	\$ 5,543,061	\$ 602,181	\$ (51,161)	\$ 6,094,081
Total Capital Assets Depreciated, Net	\$ 5,911,255	\$ 35,741	\$ (131,964)	\$ 5,815,032
Governmental Activities Capital Assets, Net	\$ 6,477,335	\$ 396,291	\$ (196,650)	\$ 6,676,976

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$	44,469
Finance		2,488
Public Safety		96,249
Public Health and Welfare		209,486
Social, Cultural, and Recreational Services		4,135
Highways		<u>245,354</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>602,181</u></u>

Discretely Presented Union County School Department**Governmental Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 1,598,528	\$ 0	\$ 0	\$ 1,598,528
Construction in Progress	305,000	215,500	(520,500)	0
Total Capital Assets Not Depreciated	<u>\$ 1,903,528</u>	<u>\$ 215,500</u>	<u>\$ (520,500)</u>	<u>\$ 1,598,528</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 29,767,360	\$ 995,641	\$ 0	\$ 30,763,001
Infrastructure	186,418	0	0	186,418
Other Capital Assets	2,335,020	244,362	0	2,579,382
Total Capital Assets Depreciated	<u>\$ 32,288,798</u>	<u>\$ 1,240,003</u>	<u>\$ 0</u>	<u>\$ 33,528,801</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 14,615,650	\$ 775,402	\$ 0	\$ 15,391,052
Infrastructure	52,976	9,001	0	61,977
Other Capital Assets	1,601,543	114,908	0	1,716,451
Total Accumulated Depreciation	<u>\$ 16,270,169</u>	<u>\$ 899,311</u>	<u>\$ 0</u>	<u>\$ 17,169,480</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,018,629</u>	<u>\$ 340,692</u>	<u>\$ 0</u>	<u>\$ 16,359,321</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,922,157</u>	<u>\$ 556,192</u>	<u>\$ (520,500)</u>	<u>\$ 17,957,849</u>

Depreciation expense was charged to functions of the discretely presented Union County School Department as follows:

Governmental Activities:

Instruction	\$ 21,758
Support Services	868,264
Operation of Non-instructional Services	<u>9,289</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 899,311</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 2,800

This balance resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2020, consisted of the following amounts:

Primary Government

	<u>Transfers In</u>
	General
	Debt
<u>Transfers Out</u>	<u>Service</u>
Ambulance Service	\$ 45,326
Highway/Public Works	<u>59,024</u>
Total	<u>\$ 104,350</u>

The transfers to the General Debt Service Fund from the Ambulance Service and Highway/Public Works funds represent current year debt payments for dump trucks and an ambulance.

Discretley Presented Union County School Department

	Transfers In	
	General Purpose School Fund	Educational Capital Projects Fund
Transfers Out		
Other Education Special Revenue Fund	\$ 371,321	\$ 0
Education Capital Projects Fund	40,000	0
Nonmajor Governmental Funds	784	0
General Purpose School Fund	0	2,279,557
Total	\$ 412,105	\$ 2,279,557

Transfers to the General Purpose School Fund from the Other Education Special Revenue Fund represent a contractually required contribution of four percent of virtual academy revenues. Transfers to the Educational Capital Projects Fund from the General Purpose School Fund represent the contribution of excess fund balance in the General Purpose School Fund as per the fund balance policy.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Long-term Debt

Primary Government

General Obligation Bonds and Notes

General Obligation Bonds - Union County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 17 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt.

All bonds included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes outstanding were issued for original terms of up to four years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
Qualified School Construction				
Bonds	1.515 %	9-1-26	\$ 7,160,000	\$ 2,729,501
Refunding Bond Series 2013	2.25 to 5	4-1-26	7,110,000	465,000
General Obligation Bonds	2.5	6-30-30	3,500,000	2,480,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	2.95	3-1-21	220,000	56,958

In prior years, Qualified School Construction Bonds were issued through the Tennessee State School Bond Authority and the proceeds loaned to Union County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee to the Tennessee School Bond Authority. The administrative fee totals \$597 per month. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

The annual requirements to amortize all notes and bonds outstanding as of June 30, 2020, including interest payments are presented in the following tables:

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 56,958	\$ 1,691	\$ 58,649
Total	\$ 56,958	\$ 1,691	\$ 58,649

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 771,773	\$ 178,111	\$ 949,884
2022	781,773	169,411	951,184
2023	786,773	162,711	949,484
2024	736,773	155,649	892,422
2025	741,773	149,724	891,497
2026-2030	1,855,636	214,987	2,070,623
Total	\$ 5,674,501	\$ 1,030,593	\$ 6,705,094

There is \$2,207,243 available in the General Debt Service Fund to service long-term debt. Bonded debt per capital totaled \$297, based on the 2010 federal census. Total debt per capita, including bonds, notes, and unamortized debt premiums totaled \$315, based on the 2010 federal census.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement
Balance, July 1, 2019	\$ 7,321,274	\$ 156,899
Additions	0	0
Reductions	(1,646,773)	(99,941)
Balance, June 30, 2020	\$ 5,674,501	\$ 56,958
Balance Due Within One Year	\$ 771,773	\$ 56,958

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 5,731,459
Less: Balance Due Within One Year - Debt	(828,731)
Add: Unamortized Premium on Debt	<u>287,100</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u><u>\$ 5,189,828</u></u>

E. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 370,182	\$ 59,438
Additions	369,245	6,474
Reductions	<u>(349,772)</u>	<u>(4,633)</u>
Balance, June 30, 2020	<u>\$ 389,655</u>	<u>\$ 61,279</u>
Balance Due Within One Year	<u>\$ 389,655</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 450,934
Less: Balance Due Within One Year - Other	<u>(389,655)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 61,279</u></u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General, Highway/Public Works, and Ambulance funds.

Discretely Presented Union County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Union County School Department for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 77,019	\$ 3,024,359
Additions	113,063	231,085
Reductions	(78,256)	(1,106,824)
Balance, June 30, 2020	<u>\$ 111,826</u>	<u>\$ 2,148,620</u>
Balance Due Within One Year	<u>\$ 111,826</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 2,260,446
Less: Balance Due Within One Year - Other	<u>(111,826)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 2,148,620</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. Pledge of Future Revenues

Wheel Tax Approved by the County Commission

The county commission approved a wheel tax for vehicle title registrations and renewals effective January 1, 2010. Collections from that tax have been pledged to pay the debt service requirements of the \$7,160,000 Qualified School Construction Bonds and \$1,138,000 of the Refunding Bond Series 2013, which related to school additions and renovations. The bonds are also guaranteed by the general obligation pledge of the county in the event the wheel tax revenue is insufficient to meet the debt service requirements on the bonds. The county commission's resolution notes that the wheel tax levy and collections will stop once adequate funding is provided to retire the bonds. As of June 30, 2020, future requirements for principal, interest, and administrative fees on the bonds total \$3,785,572. Of this amount, \$481,931 is to be paid in semiannual installments through June 30, 2026. The remaining \$3,424,498 is payable in monthly installments through September 1, 2026. Investment earnings credited to the county's account by the State School Bond Authority during the year amounted to \$70,204. These earnings reduced the amount of required payments due from the county. Wheel tax collections totaled \$518,819 for the year ended June 30, 2020, and principal, interest, and administrative fees paid on the debt totaled \$613,062 for the year. Since

January 2010, cumulative debt service requirements on the bonds have exceeded wheel tax revenues and investment earnings by \$1,352,644.

Component Unit Revenues Pledged for Primary Government Debt

The school department has pledged to reimburse the county from future revenues principal, interest, fees, and other costs associated with the General Obligation Bond issued on June 1, 2015, which was used for energy efficient projects at various schools. Those requirements vary from \$279,700 in fiscal year 2020-21 to \$282,561 in 2029-30. In addition, the school department pledged to pay a minimum of \$500,000 annually from its revenues to the primary government's General Debt Service Fund to be applied toward the retirement of other school debt. That pledge ended during the current year. During the current fiscal year, the total contribution was \$781,150.

G. On-Behalf Payments – Discretely Presented Union County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Union County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2020, were \$44,158 and \$19,023, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Union County and Union County School Department participate in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and school department pay an annual premium to the TN-RMT for general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Employee Health Insurance

The discretely presented Union County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate.

The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

The primary government provides health insurance coverage through a commercial insurance provider. The county does not allow retirees to participate in the commercial insurance plan. Settled claims have not exceeded commercial insurance coverage for the past three fiscal years.

B. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorneys have not provided estimates of the potential claims not covered by insurance. However, management believes that any claims resulting from such litigation would not materially affect the county's financial statements.

C. Virtual Education Program

In July 2011, pursuant to Title 49, Chapter 16, Tennessee Code Annotated, the Union County Board of Education entered into a contract with K12 Virtual Schools, L.L.C. (K12). The contract provided for the creation and operation of a virtual education program called the Tennessee Virtual Academy, which enrolls students from Union County and other districts from across the state. During the early years of the program, it was only available to students in kindergarten through eighth grade. For the 2018 and 2019 school years, the program was also offered to students at the high school level. As of July 2019, enrollment was approximately 1,416 students, including 141 students in ninth and tenth grades. During the 2019 school year, the program was available to students in kindergarten through eleventh grade, and enrollment rose to approximately 1,768 students as of June 2020. However, for the 2020 school year, the program is no longer available to high school students. Enrollment for students in kindergarten through eighth grade as of July 2020 is approximately 1,247 students.

The initial term of the agreement, which began July 1, 2011, terminated on June 30, 2014. However, the agreement is renewable, and the school board has since approved multiple one-year extensions to the contract with the latest extending through June 30, 2021. K12 is responsible for providing educational products, as well as administrative and technology services according to the agreement. The Board of Education is responsible for setting program policies, budget adoption, and having final responsibility for regulatory compliance and financial reporting.

Revenues of the virtual education program totaled \$9,283,110 consisting of state Basic Education Program funds attributable to students enrolled in the program. The Board of Education retained an annual oversight fee of four percent from the program revenues. The oversight fee retained during the year totaled \$371,321. K12's compensation under the agreement as amended on

August 8, 2013, is equal to ninety-six percent of the program revenues. Total compensation payable to K12 for the year ended June 30, 2020 was \$8,911,789 which included \$171,208 used per agreement by the school department for local program expenditures. The program has been accounted for in the fund statements in a major special revenue fund of the school department titled Other Education Special Revenue Fund. The oversight fee (\$371,321) was transferred to the General Purpose School Fund and applied toward operations of the school department's traditional education program.

D. Joint Venture

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District; Scott, Campbell, Fentress, Claiborne, and Union counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the Board of Directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Union County made no contributions to the DTF for the year ended June 30, 2020, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Eighth Judicial District
P.O. Box 10
Huntsville, TN 37756

E. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Most employees of Union County (County General Fund and EMS employees) are provided a defined benefit pension plan (Union County Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 100 percent of the plan membership. In addition, certain other county employees (highway department) and non-certified employees of the discretely presented Union County School Department are provided a defined benefit

pension plan (Union County Schools Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 16.7 percent and non-certified employees of the discretely presented Union County School Department comprise 83.3 percent of the Union County Schools Plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms: Union County Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	33
Inactive Employees Entitled to But Not Yet Receiving Benefits	159
Active Employees	121
Total	<u>313</u>

Union County Schools Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	79
Inactive Employees Entitled to But Not Yet Receiving Benefits	195
Active Employees	177
Total	<u>451</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Union County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the employer contribution for the Union County Plan was \$233,269 based on a rate of 5.06 percent of covered payroll and the Union County Schools Plan was \$238,604 based on a rate of 6.1 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Union County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Union County's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Union County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

Union County Plan:

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension	Fiduciary	Liability
	Liability	Net Position	(Asset)
	(a)	(b)	(a)-(b)
Balance, July 1, 2018	\$ 8,320,399	\$ 8,851,070	\$ (530,671)
Changes for the Year:			
Service Cost	\$ 338,355	\$ 0	\$ 338,355
Interest	616,400	0	616,400
Differences Between Expected and Actual Experience	(332,879)	0	(332,879)
Contributions-Employer	0	234,354	(234,354)
Contributions-Employees	0	222,347	(222,347)
Net Investment Income	0	663,972	(663,972)
Benefit Payments, Including Refunds of Employee Contributions	(313,379)	(313,379)	0
Administrative Expense	0	(11,048)	11,048
Net Changes	\$ 308,497	\$ 796,246	\$ (487,749)
Balance, June 30, 2019	\$ 8,628,896	\$ 9,647,316	\$ (1,018,420)

Union County Schools Plan:

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension	Fiduciary	Liability
	Liability	Net Position	(Asset)
	(a)	(b)	(a)-(b)
Balance, July 1, 2018	\$ 10,251,245	\$ 10,647,065	\$ (395,820)
Changes for the Year:			
Service Cost	\$ 325,615	\$ 0	\$ 325,615
Interest	752,212	0	752,212
Differences Between Expected and Actual Experience	(6,212)	0	(6,212)
Contributions-Employer	0	224,109	(224,109)
Contributions-Employees	0	186,138	(186,138)
Net Investment Income	0	792,461	(792,461)
Benefit Payments, Including Refunds of Employee Contributions	(403,042)	(403,042)	0
Administrative Expense	0	(15,686)	15,686
Net Changes	\$ 668,573	\$ 783,980	\$ (115,407)
Balance, June 30, 2019	\$ 10,919,818	\$ 11,431,045	\$ (511,227)

Union County Schools Plan:

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total	Plan	Net
		Pension	Fiduciary	Pension
		Liability	Net	Liability
			Position	(Asset)
Primary Government	16.70%	\$ 1,823,610	\$ 1,908,985	\$ (85,375)
School Department	83.30%	9,096,208	9,522,060	(425,852)
Total		\$ 10,919,818	\$ 11,431,045	\$ (511,227)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Union County calculated using the discount rate of 7.25 percent, as

well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Union County Plan</u>	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>

Net Pension			
Liability (Asset)	\$ 197,482	\$ (1,018,420)	\$ (2,003,861)

	1% Decrease	Current Discount Rate	1% Increase
<u>Union County Schools Plan</u>	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>

Net Pension			
Liability (Asset)	\$ 892,865	\$ (511,227)	\$ (1,679,604)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense. For the year ended June 30, 2020, the Union County Plan recognized pension expense of \$75,955 and the Union County Schools Plan recognized pension expense of \$117,016.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, Union County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Union County Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 33,432	\$ 496,095
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	108,828
Changes in Assumptions	106,985	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	233,269	N/A
Total	<u>\$ 373,686</u>	<u>\$ 604,923</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Union County Schools Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 89,783	\$ 143,383
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	129,982
Changes in Assumptions	96,980	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	238,604	N/A
Total	<u>\$ 425,367</u>	<u>\$ 273,365</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

Union County Schools Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 70,769	\$ 45,652
School Department	354,598	227,713
Total	\$ 425,367	\$ 273,365

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Union County Plan:

Year Ending June 30	Amount
2021	(76,929)
2022	(155,047)
2023	(110,796)
2024	(66,256)
2025	(55,480)
Thereafter	0

Union County Schools Plan:

Year Ending June 30	Amount
2021	(3,307)
2022	(82,752)
2023	3,625
2024	(4,171)
2025	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Union County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, certain employees of Union County and the non-certified employees of the discretely presented Union County School Department are provided a defined benefit pension plan (Union County Schools Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 16.7 percent and the non-certified employees of the discretely presented school department comprise 83.3 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Union County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit.

Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020, to the Teacher Retirement Plan were \$56,498, which is 2.03 percent of covered payroll. In addition, employer contributions of \$52,662 were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$105,026) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .186055 percent. The proportion as of June 30, 2018, was .185054 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$32,845.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 4,355	\$ 18,334
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,440
Changes in Assumptions	3,649	0
Changes in Proportion of Net Pension Liability (Asset)	1,260	2,695
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	56,498	N/A
Total	\$ 65,762	\$ 25,469

The school department's employer contributions of \$56,498, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (2,343)
2022	(3,022)
2023	(1,776)
2024	(1,141)
2025	(960)
Thereafter	(6,962)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one

percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 33,276	\$ (105,026)	\$ (207,256)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Union County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The

service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Union County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$1,130,961, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$3,390,200) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of

June 30, 2019, the school department's proportion was .329728 percent. The proportion measured at June 30, 2018, was .30867 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$455,416.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 165,060	\$ 2,070,801
Changes in Assumptions	456,847	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	968,645
Changes in Proportion of Net Pension Liability (Asset)	23,709	17,596
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	1,130,961	N/A
Total	<u>\$ 1,776,577</u>	<u>\$ 3,057,042</u>

The school department's employer contributions of \$1,130,961 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (688,756)
2022	(965,194)
2023	(432,552)
2024	(324,925)
2025	0
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 6,931,979 \$ (3,390,200) \$ (11,601,207)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$139,034 and teachers contributed \$70,893 to this deferred compensation pension plan.

F. **Other Postemployment Benefits (OPEB)**

Union County and the discretely presented Union County School Department provide OPEB benefits to their retirees through state administered public entity risk pools. For reporting purposes, the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Union County primary government participates in the Tennessee Plan-Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. The Union County School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Both certified and noncertified retirees of the school department may then join the Tennessee Plan - Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare.

The county and school department's total OPEB liability for each plan was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.20%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	LEP: Based on the Getzen Model, with trend starting at 6.03% for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5 percent. TN-M: The premium subsidies provided to retirees are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired

lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 percent.

Closed Tennessee Plan – Medicare (Primary Government)

Plan Description. Employees of Union County who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan -Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local governments, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and local education agencies. However, the amounts reflected in this note disclosure pertain only to the Union County Primary Government. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System (TCRS) may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Union County provides a direct subsidy of between \$25 and \$50 for eligible retirees depending on years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	3
Inactive Employees Entitled to But Not Yet Receiving Benefits	1
Active Employees	74
Total	<u>78</u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2020, the county paid \$461 to the TNM for OPEB benefits as they came due.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance July 1, 2018	<u>\$ 59,438</u>
Changes for the Year:	
Service Cost	\$ 2,573
Interest	2,237
Difference between Expected and Actual Experience	(4,208)
Changes in Assumption and Other Inputs	1,664
Benefit Payments	<u>(425)</u>
Net Changes	<u>\$ 1,841</u>
Balance June 30, 2019	<u>\$ 61,279</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the county recognized OPEB expense of \$1,336. At June 30, 2020, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 18,939
Changes of Assumptions/Inputs	1,492	7,421
Benefits Paid After the Measurement Date of June 30, 2019	461	0
Total	<u>\$ 1,953</u>	<u>\$ 26,360</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2021	\$ (3,474)
2022	(3,474)
2023	(3,474)
2024	(3,474)
2025	(3,474)
Thereafter	(7,498)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
Total OPEB Liability	\$ 72,731	\$ 61,279	\$ 52,080

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Union County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Union County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. During the year, Union County School Department provided a direct subsidy ranging from \$83 to \$104 per month toward the cost of the insurance plan selected by the retiree. Retirees must have a minimum of 25 years of service to be eligible for this benefit. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees Eligible for for Future Benefits	<u>307</u>
Total	<u><u>317</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$62,465 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Union County School Department 63.0435%	State of TN 36.9565%	Total OPEB Liability
Balance July 1, 2018	\$ 2,458,231	\$ 1,220,714	\$ 3,678,945
Changes for the Year:			
Service Cost	\$ 121,833	\$ 71,419	\$ 193,252
Interest	86,916	50,950	137,866
Difference between Expected and Actual Experience	(179,450)	(105,194)	(284,644)
Change in Proportion	(138,896)	138,896	0
Changes in Assumption and Other Inputs	(166,188)	(97,420)	(263,608)
Benefit Payments	(81,076)	(47,528)	(128,604)
Net Changes	<u>\$ (356,861)</u>	<u>\$ 11,123</u>	<u>\$ (345,738)</u>
Balance June 30, 2019	<u><u>\$ 2,101,370</u></u>	<u><u>\$ 1,231,837</u></u>	<u><u>\$ 3,333,207</u></u>

The Union County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Union County School Department's

proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$102,874 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Union County School Department's proportionate share of the collective OPEB liability was 63.0435 percent and the State of Tennessee's share was 36.9565 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$253,226, including the state's share of the expense. At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 252,631
Changes of Assumptions/Inputs	61,457	227,312
Changes in Proportion	49,166	128,075
Benefits Paid After the Measurement Date of June 30, 2019	62,465	0
Total	<u>\$ 173,088</u>	<u>\$ 608,018</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2021	\$ (58,398)
2022	(58,398)
2023	(58,398)
2024	(58,398)
2025	(58,398)
Thereafter	(205,405)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	2.51%	3.51%	4.51%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,259,687	\$ 2,101,371	\$ 1,949,513
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>		Curent	
	1%	Rates	1%
	Decrease		Increase
	5.03 to 3.5%	6.03 to 4.5%	7.03 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,869,186	\$ 2,101,371	\$ 2,372,507
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Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Union County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state,

and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The school department's total OPEB liability for the TNM Plan was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with *TCA* 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Union County School Department provides a subsidy of \$25 per month for support staff with 15 or more years of service. The state, as a governmental nonemployer contributing entity, contributes to the premiums of eligible retirees of local education agencies based on years of service. The State of Tennessee provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	33
Inactive Employees Entitled to But Not Yet Receiving Benefits	22
Active Employees	367
Total	<u><u>422</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan

participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2020, the school department paid \$102 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability:

	Share of Collective Liability		
	Union County School Department 5.0291%	State of TN 94.9709%	Total OPEB Liability
Balance July 1, 2018	\$ 566,128	\$ 692,583	\$ 1,258,711
Changes for the Year:			
Service Cost	\$ 1,518	\$ 28,666	\$ 30,184
Interest	2,315	43,716	46,031
Difference between Expected and Actuarial Experience	(19,310)	(364,658)	(383,968)
Change in Proportion	(502,826)	502,826	0
Changes in Assumption and Other Inputs	1,181	22,310	23,491
Benefit Payments	(1,756)	(33,169)	(34,925)
Net Changes	\$ (518,878)	\$ 199,691	\$ (319,187)
Balance June 30, 2019	\$ 47,250	\$ 892,274	\$ 939,524

The Union County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retirees participating in the TNM. The Union County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$89,703 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TNM for school department retirees.

During the year, the Union County School Department's proportionate share of the collective OPEB liability was 5.0291 percent and the State of Tennessee's share was 94.9709 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$22,157 including the state's share of the OPEB expense.

At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 550	\$ 17,236
Changes of Assumptions/Inputs	1,055	5,871
Changes in Proportion	0	557,321
Benefits Paid After the Measurement Date of June 30, 2019	102	0
Total	<u>\$ 1,707</u>	<u>\$ 580,428</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2021	\$ (71,379)
2022	(71,379)
2023	(71,379)
2024	(71,379)
2025	(71,379)
Thereafter	(221,929)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
Proportionate Share of the Collective Total OPEB Liability	55,568	47,250	40,521

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

G. Office of Central Accounting, Budgeting, and Purchasing

Union County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a finance department operated under the direction of the finance director.

H. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by the director to serve as the county purchasing agent. Purchases of \$25,000 and greater are required to be competitively bid for all departments.

I. Subsequent Event

On October 20, 2020, the Union County Commission approved to loan \$191,265 to the Union County Farmers Market, a nonprofit organization. The Farmers Market has been awarded a grant from the Tennessee CARES Act Coronavirus Agricultural and Forestry Business Fund for construction and installation of an indoor kitchen and classroom in the farmer's market pavilion that Union County is constructing. The loan bears no interest and will be repaid by the Farmers Market upon receipt of the related grant funds. The agreement provides for full repayment of the loan no later than June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

Union County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - General Fund and EMS
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 250,764	\$ 279,057	\$ 295,676	\$ 324,380	\$ 331,994	\$ 338,355
Interest	423,613	468,264	516,098	546,331	583,438	616,400
Differences Between Actual and Expected Experience	88,816	72,604	(192,703)	(26,082)	(181,807)	(332,879)
Changes in Assumptions	0	0	0	187,223	0	0
Benefit Payments, Including Refunds of Employee Contributions	(188,506)	(203,774)	(193,742)	(295,609)	(257,304)	(313,379)
Net Change in Total Pension Liability	\$ 574,687	\$ 616,151	\$ 425,329	\$ 736,243	\$ 476,321	\$ 308,497
Total Pension Liability, Beginning	5,491,668	6,066,355	6,682,506	7,107,835	7,844,078	8,320,399
Total Pension Liability, Ending (a)	\$ 6,066,355	\$ 6,682,506	\$ 7,107,835	\$ 7,844,078	\$ 8,320,399	\$ 8,628,896
Plan Fiduciary Net Position						
Contributions - Employer	\$ 233,174	\$ 234,294	\$ 253,224	\$ 259,907	\$ 223,456	\$ 234,354
Contributions - Employee	197,147	186,541	201,613	206,607	212,008	222,347
Net Investment Income	866,565	193,958	178,356	807,468	671,998	663,972
Benefit Payments, Including Refunds of Employee Contributions	(188,506)	(203,774)	(193,742)	(295,609)	(257,304)	(313,379)
Administrative Expense	(4,087)	(5,673)	(9,080)	(10,307)	(11,573)	(11,048)
Net Change in Plan Fiduciary Net Position	\$ 1,104,293	\$ 405,346	\$ 430,371	\$ 968,066	\$ 838,585	\$ 796,246
Plan Fiduciary Net Position, Beginning	5,104,409	6,208,702	6,614,048	7,044,419	8,012,485	8,851,070
Plan Fiduciary Net Position, Ending (b)	\$ 6,208,702	\$ 6,614,048	\$ 7,044,419	\$ 8,012,485	\$ 8,851,070	\$ 9,647,316
Net Pension Liability (Asset), Ending (a - b)	\$ (142,347)	\$ 68,458	\$ 63,416	\$ (168,407)	\$ (530,671)	\$ (1,018,420)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.35%	98.98%	99.11%	102.15%	106.38%	111.80%
Covered Payroll	\$ 3,554,585	\$ 3,730,787	\$ 4,035,127	\$ 4,132,076	\$ 4,240,146	\$ 4,446,929
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(4.00%)	1.83%	1.57%	(4.08%)	(12.52%)	(22.90%)

Note: Ten years of data will be presented when available.

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers General Fund and EMS employees of the primary government.

Exhibit E-2

Union County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government - Highway Department and
Discretely Presented Union County School Department - Non-Certified Employees
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 268,929	\$ 292,832	\$ 278,644	\$ 306,764	\$ 317,141	\$ 325,615
Interest	590,914	623,518	630,190	673,220	693,510	752,212
Differences Between Actual and Expected Experience	(97,377)	(441,503)	(14,430)	(339,595)	149,637	(6,212)
Changes in Assumptions	0	0	0	242,447	0	0
Benefit Payments, Including Refunds of Employee Contributions	(364,917)	(338,367)	(405,049)	(292,521)	(315,122)	(403,042)
Net Change in Total Pension Liability	\$ 397,549	\$ 136,480	\$ 489,355	\$ 590,315	\$ 845,166	\$ 668,573
Total Pension Liability, Beginning	7,792,380	8,189,929	8,326,409	8,815,764	9,406,079	10,251,245
Total Pension Liability, Ending (a)	\$ 8,189,929	\$ 8,326,409	\$ 8,815,764	\$ 9,406,079	\$ 10,251,245	\$ 10,919,818
Plan Fiduciary Net Position						
Contributions - Employer	\$ 205,763	\$ 202,052	\$ 213,989	\$ 201,825	\$ 225,301	\$ 224,109
Contributions - Employee	173,012	167,818	179,217	167,463	187,131	186,138
Net Investment Income	1,162,398	253,356	224,936	989,643	812,922	792,461
Benefit Payments, Including Refunds of Employee Contributions	(364,917)	(338,367)	(405,049)	(292,521)	(315,122)	(403,042)
Administrative Expense	(6,501)	(8,180)	(12,124)	(14,551)	(16,113)	(15,686)
Other	0	0	0	222		
Net Change in Plan Fiduciary Net Position	\$ 1,169,755	\$ 276,679	\$ 200,969	\$ 1,052,081	\$ 894,119	\$ 783,980
Plan Fiduciary Net Position, Beginning	7,053,462	8,223,217	8,499,896	8,700,865	9,752,946	10,647,065
Plan Fiduciary Net Position, Ending (b)	\$ 8,223,217	\$ 8,499,896	\$ 8,700,865	\$ 9,752,946	\$ 10,647,065	\$ 11,431,045
Net Pension Liability (Asset), Ending (a - b)	\$ (33,288)	\$ (173,487)	\$ 114,899	\$ (346,867)	\$ (395,820)	\$ (511,227)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.41%	102.08%	98.70%	103.69%	103.86%	104.68%
Covered Payroll	\$ 3,464,027	\$ 3,353,650	\$ 3,556,642	\$ 3,567,982	\$ 3,742,554	\$ 3,722,741
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(0.96)%	(5.17)%	3.23%	(9.72)%	(10.58)%	(13.73)%

Note: Ten years of data will be presented when available.

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers the highway department employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit E-3

Union County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government - General Fund and EMS
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 233,174	\$ 234,294	\$ 253,224	\$ 259,907	\$ 223,456	\$ 234,354	\$ 233,269
Less Contributions in Relation to the Actuarially Determined Contribution	(233,174)	(234,294)	(253,224)	(259,907)	(223,456)	(234,354)	(233,269)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,554,585	\$ 3,730,787	\$ 4,035,127	\$ 4,132,076	\$ 4,240,146	\$ 4,446,929	\$ 4,609,980
Contributions as a Percentage of Covered Payroll	6.56%	6.28%	6.28%	6.29%	5.27%	5.27%	5.06%

Note: Ten years of data will be presented when available.

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers General Fund and EMS employees of the primary government.

Exhibit E-4

Union County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Discretely Presented Union County School Department - Non-Certified Employees and
Primary Government - Highway Department Employees
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 205,763	\$ 202,052	\$ 213,989	\$ 201,825	\$ 225,301	\$ 224,109	\$ 238,604
Less Contributions in Relation to the Actuarially Determined Contribution	(205,763)	(202,052)	(213,989)	(201,825)	(225,301)	(224,109)	(238,604)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 3,464,027	\$ 3,353,650	\$ 3,556,642	\$ 3,567,982	\$ 3,742,554	\$ 3,722,741	\$ 3,911,518
Contributions as a Percentage of Covered Payroll	5.94%	6.02%	6.02%	5.66%	6.02%	6.02%	6.10%

Note: Ten years of data will be presented when available.

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers the highway department employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit E-5

Union County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 17,171	\$ 28,640	\$ 49,088	\$ 64,686	\$ 38,196	\$ 56,498
Less Contributions in Relation to the Contractually Required Contribution	(17,171)	(28,640)	(49,088)	(64,686)	(38,196)	(56,498)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 429,269	\$ 715,994	\$ 1,227,215	\$ 1,617,140	\$ 1,968,815	\$ 2,783,200
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

Note: Ten years of data will be presented when available.

Exhibit E-6

Union County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 1,048,909	\$ 1,029,802	\$ 1,010,795	\$ 988,059	\$ 981,423	\$ 1,156,485	\$ 1,130,961
Less Contributions in Relation to the Contractually Required Contribution	(1,048,909)	(1,029,802)	(1,010,795)	(988,059)	(981,423)	(1,156,485)	(1,130,961)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,812,035	\$ 11,391,617	\$ 11,181,371	\$ 10,714,450	\$ 10,808,631	\$ 11,056,259	\$ 10,639,337
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.22%	9.08%	10.46%	10.63%

Note: Ten years of data will be presented when available.

Union County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Retirement Plan of TCRS
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.206605%	0.162725%	0.186978%	0.185054%	0.186055%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (8,312)	\$ (16,940)	\$ (49,330)	\$ (83,927)	\$ (105,026)
Covered Payroll	429,269	715,994	1,227,215	1,617,140	1,968,815
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

Note: Ten years of data will be presented when available.

Exhibit E-8

Union County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.300944%	0.304304%	0.309750%	0.309194%	0.308670%	0.329728%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (48,902)	\$ 124,653	\$ 1,935,767	\$ (101,162)	\$ (1,086,184)	\$ (3,390,200)
Covered Payroll	11,812,016	11,391,617	11,181,371	10,714,450	10,808,631	11,056,259
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.094254%	17.31%	(0.94)%	(10.05%)	(30.66%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

Note: Ten years of data will be presented when available.

Exhibit E-9

Union County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 193,860	179,015	193,252
Interest	109,574	132,613	137,866
Changes in Benefit Terms	0	(45,606)	0
Differences Between Actual and Expected Experience	0	(177,816)	(284,644)
Changes in Assumptions or Other Inputs	(171,951)	119,146	(263,608)
Benefit Payments	(139,269)	(148,940)	(128,604)
Net Change in Total OPEB Liability	\$ (7,786)	58,412	(345,738)
Total OPEB Liability, Beginning	3,628,319	3,620,533	3,678,945
Total OPEB Liability, Ending	<u>\$ 3,620,533</u>	<u>3,678,945</u>	<u>3,333,207</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,261,669	1,220,714	1,231,836
Employer Proportionate Share of the Total OPEB Liability	2,358,864	2,458,231	2,101,371
Covered Employee Payroll	\$ 13,628,205	15,677,158	16,378,763
Net OPEB Liability as a Percentage of Covered Employee Payroll	17.31%	15.68%	12.83%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:.

For the 2019 plan year - from 5.4% to 6.75%

For the 2020 plan year - from 6.75% to 6.03%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit E-10

Union County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare
Primary Government
For the Fiscal Year Ended June 30

	2018	2019
Total OPEB Liability		
Service Cost	\$ 4,204	\$ 2,573
Interest	2,740	2,237
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(19,497)	(4,208)
Changes in Assumptions or Other Inputs	(720)	1,664
Benefit Payments	(100)	(425)
Net Change in Total OPEB Liability	\$ (13,373)	\$ 1,841
Total OPEB Liability, Beginning	72,811	59,438
Total OPEB Liability, Ending	<u>\$ 59,438</u>	<u>\$ 61,279</u>
Covered Employee Payroll	N/A	N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.62%
2019	3.51%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit E-11

Union County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare
Discretely Presented Union County School Department
For the Fiscal Year Ended June 30

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 53,514	\$ 43,743	\$ 30,184
Interest	46,472	53,000	46,031
Changes in Benefit Terms	0	(265,320)	0
Differences Between Actual and Expected Experience	0	14,038	(383,968)
Changes in Assumptions or Other Inputs	(154,335)	(11,758)	23,491
Benefit Payments	(37,200)	(40,045)	(34,925)
Net Change in Total OPEB Liability	\$ (91,549)	\$ (206,342)	\$ (319,187)
Total OPEB Liability, Beginning	1,556,602	1,465,053	1,258,711
Total OPEB Liability, Ending	<u>\$ 1,465,053</u>	<u>\$ 1,258,711</u>	<u>\$ 939,524</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 712,974	\$ 692,583	\$ 892,274
Employer Proportionate Share of the Total OPEB Liability	752,079	566,128	47,250
Covered Employee Payroll	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

UNION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Primary Government - General Fund and EMS;
 Primary Government - Highway Department and
 School Department - Noncertified Employees

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.50%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation,
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.25%

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for capital projects related to industrial development.

Exhibit F-1

Union County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Total Nonmajor Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 2,800	\$ 2,800	\$ 0	\$ 2,800
Equity in Pooled Cash and Investments	87,259	0	87,259	121,134	208,393
Total Assets	<u>\$ 87,259</u>	<u>\$ 2,800</u>	<u>\$ 90,059</u>	<u>\$ 121,134</u>	<u>\$ 211,193</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 2,800	\$ 2,800	\$ 0	\$ 2,800
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,800</u>	<u>\$ 2,800</u>	<u>\$ 0</u>	<u>\$ 2,800</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 87,259	\$ 0	\$ 87,259	\$ 0	\$ 87,259
Committed:					
Committed for Capital Projects	0	0	0	121,134	121,134
Total Fund Balances	<u>\$ 87,259</u>	<u>\$ 0</u>	<u>\$ 87,259</u>	<u>\$ 121,134</u>	<u>\$ 208,393</u>
Total Liabilities and Fund Balances	<u>\$ 87,259</u>	<u>\$ 2,800</u>	<u>\$ 90,059</u>	<u>\$ 121,134</u>	<u>\$ 211,193</u>

Exhibit F-2

Union County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 30,408	\$ 0	\$ 30,408	\$ 0	\$ 30,408
Charges for Current Services	0	7,971	7,971	0	7,971
Other Local Revenues	1,807	0	1,807	120,401	122,208
Federal Government	58,710	0	58,710	0	58,710
Total Revenues	<u>\$ 90,925</u>	<u>\$ 7,971</u>	<u>\$ 98,896</u>	<u>\$ 120,401</u>	<u>\$ 219,297</u>
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 7,971	\$ 7,971	\$ 0	\$ 7,971
Public Safety	82,663	0	82,663	0	82,663
Other Operations	0	0	0	73,768	73,768
Total Expenditures	<u>\$ 82,663</u>	<u>\$ 7,971</u>	<u>\$ 90,634</u>	<u>\$ 73,768</u>	<u>\$ 164,402</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,262</u>	<u>\$ 0</u>	<u>\$ 8,262</u>	<u>\$ 46,633</u>	<u>\$ 54,895</u>
Net Change in Fund Balances	\$ 8,262	0	8,262	46,633	54,895
Fund Balance, July 1, 2019	<u>78,997</u>	<u>0</u>	<u>78,997</u>	<u>74,501</u>	<u>153,498</u>
Fund Balance, June 30, 2020	<u>\$ 87,259</u>	<u>\$ 0</u>	<u>\$ 87,259</u>	<u>\$ 121,134</u>	<u>\$ 208,393</u>

Exhibit F-3

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 30,408	\$ 34,455	\$ 57,455	\$ (27,047)
Other Local Revenues	1,807	0	0	1,807
Federal Government	58,710	0	58,710	0
Total Revenues	<u>\$ 90,925</u>	<u>\$ 34,455</u>	<u>\$ 116,165</u>	<u>\$ (25,240)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 82,663	\$ 34,455	\$ 116,165	\$ 33,502
Total Expenditures	<u>\$ 82,663</u>	<u>\$ 34,455</u>	<u>\$ 116,165</u>	<u>\$ 33,502</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,262</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,262</u>
Net Change in Fund Balance	\$ 8,262	\$ 0	\$ 0	\$ 8,262
Fund Balance, July 1, 2019	<u>78,997</u>	<u>75,518</u>	<u>75,518</u>	<u>3,479</u>
Fund Balance, June 30, 2020	<u>\$ 87,259</u>	<u>\$ 75,518</u>	<u>\$ 75,518</u>	<u>\$ 11,741</u>

Exhibit F-4

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Community Development/Industrial Park Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 120,401	\$ 0	\$ 120,000	\$ 401
Total Revenues	\$ 120,401	\$ 0	\$ 120,000	\$ 401
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 73,768	\$ 0	\$ 124,950	\$ 51,182
Total Expenditures	\$ 73,768	\$ 0	\$ 124,950	\$ 51,182
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,633	\$ 0	\$ (4,950)	\$ 51,583
Net Change in Fund Balance	\$ 46,633	\$ 0	\$ (4,950)	\$ 51,583
Fund Balance, July 1, 2019	74,501	74,501	74,501	0
Fund Balance, June 30, 2020	\$ 121,134	\$ 74,501	\$ 69,551	\$ 51,583

Major Governmental Funds

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit G-1

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,131,133	\$ 1,069,109	\$ 1,069,109	\$ 62,024
Other Local Revenues	279,626	58,721	190,721	88,905
Other Governments and Citizens Groups	781,150	781,150	781,150	0
Total Revenues	<u>\$ 2,191,909</u>	<u>\$ 1,908,980</u>	<u>\$ 2,040,980</u>	<u>\$ 150,929</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 171,846	\$ 169,471	\$ 171,846	\$ 0
Education	1,574,868	1,546,010	1,574,870	2
<u>Interest on Debt</u>				
General Government	6,572	9,099	6,724	152
Education	202,098	202,098	202,098	0
<u>Other Debt Service</u>				
General Government	20,552	22,400	22,400	1,848
Education	7,160	7,200	7,200	40
Total Expenditures	<u>\$ 1,983,096</u>	<u>\$ 1,956,278</u>	<u>\$ 1,985,138</u>	<u>\$ 2,042</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 208,813</u>	<u>\$ (47,298)</u>	<u>\$ 55,842</u>	<u>\$ 152,971</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 104,350	\$ 59,024	\$ 59,024	\$ 45,326
Total Other Financing Sources	<u>\$ 104,350</u>	<u>\$ 59,024</u>	<u>\$ 59,024</u>	<u>\$ 45,326</u>
Net Change in Fund Balance	\$ 313,163	\$ 11,726	\$ 114,866	\$ 198,297
Fund Balance, July 1, 2019	<u>1,894,080</u>	<u>1,856,016</u>	<u>1,856,016</u>	<u>38,064</u>
Fund Balance, June 30, 2020	<u>\$ 2,207,243</u>	<u>\$ 1,867,742</u>	<u>\$ 1,970,882</u>	<u>\$ 236,361</u>

Exhibit G-2

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 128,037	\$ 0	\$ 128,037	\$ 120,206	\$ 120,206	\$ 7,831
State of Tennessee	1,555	0	1,555	89,495	109,495	(107,940)
Federal Government	228,542	0	228,542	250,000	750,000	(521,458)
Other Governments and Citizens Groups	140,070	0	140,070	0	140,070	0
Total Revenues	<u>\$ 498,204</u>	<u>\$ 0</u>	<u>\$ 498,204</u>	<u>\$ 459,701</u>	<u>\$ 1,119,771</u>	<u>\$ (621,567)</u>
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 125,138	\$ 0	\$ 125,138	\$ 85,179	\$ 152,884	\$ 27,746
Administration of Justice Projects	43,475	0	43,475	35,000	43,525	50
Public Safety Projects	515	0	515	89,495	89,495	88,980
Public Health and Welfare Projects	266,072	53,825	319,897	378,220	980,070	660,173
Total Expenditures	<u>\$ 435,200</u>	<u>\$ 53,825</u>	<u>\$ 489,025</u>	<u>\$ 587,894</u>	<u>\$ 1,265,974</u>	<u>\$ 776,949</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 63,004</u>	<u>\$ (53,825)</u>	<u>\$ 9,179</u>	<u>\$ (128,193)</u>	<u>\$ (146,203)</u>	<u>\$ 155,382</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 8,525	\$ 0	\$ 8,525	\$ 0	\$ 8,525	\$ 0
Transfers In	0	0	0	128,220	0	0
Total Other Financing Sources	<u>\$ 8,525</u>	<u>\$ 0</u>	<u>\$ 8,525</u>	<u>\$ 128,220</u>	<u>\$ 8,525</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 71,529	\$ (53,825)	\$ 17,704	\$ 27	\$ (137,678)	\$ 155,382
Fund Balance, July 1, 2019	399,464	0	399,464	390,934	390,934	8,530
Fund Balance, June 30, 2020	<u><u>\$ 470,993</u></u>	<u><u>\$ (53,825)</u></u>	<u><u>\$ 417,168</u></u>	<u><u>\$ 390,961</u></u>	<u><u>\$ 253,256</u></u>	<u><u>\$ 163,912</u></u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Union County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 565,187	\$ 565,187
Accounts Receivable	0	2,689	2,689
Due from Other Governments	148,343	0	148,343
Total Assets	<u>\$ 148,343</u>	<u>\$ 567,876</u>	<u>\$ 716,219</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 148,343	\$ 0	\$ 148,343
Due to Litigants, Heirs, and Others	0	567,876	567,876
Total Liabilities	<u>\$ 148,343</u>	<u>\$ 567,876</u>	<u>\$ 716,219</u>

Exhibit H-2

Union County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 747,416	\$ 747,416	\$ 0
Due from Other Governments	120,786	148,343	120,786	148,343
Total Assets	\$ 120,786	\$ 895,759	\$ 868,202	\$ 148,343
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 120,786	\$ 895,759	\$ 868,202	\$ 148,343
Total Liabilities	\$ 120,786	\$ 895,759	\$ 868,202	\$ 148,343
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 640,679	\$ 3,830,063	\$ 3,905,555	\$ 565,187
Accounts Receivable	0	2,689	0	2,689
Total Assets	\$ 640,679	\$ 3,832,752	\$ 3,905,555	\$ 567,876
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 640,679	\$ 3,832,752	\$ 3,905,555	\$ 567,876
Total Liabilities	\$ 640,679	\$ 3,832,752	\$ 3,905,555	\$ 567,876
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 640,679	\$ 3,830,063	\$ 3,905,555	\$ 565,187
Accounts Receivable	0	2,689	0	2,689
Equity in Pooled Cash and Investments	0	747,416	747,416	0
Due from Other Governments	120,786	148,343	120,786	148,343
Total Assets	\$ 761,465	\$ 4,728,511	\$ 4,773,757	\$ 716,219
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 120,786	\$ 895,759	\$ 868,202	\$ 148,343
Due to Litigants, Heirs, and Others	640,679	3,832,752	3,905,555	567,876
Total Liabilities	\$ 761,465	\$ 4,728,511	\$ 4,773,757	\$ 716,219

Union County School Department

This section presents combining and individual fund financial statements for the Union County School Department, a discretely presented component unit. The school department uses a General Fund, three Special Revenue Funds, and a Capital Projects Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the school department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Other Education Special Revenue Fund – The Other Education Special Revenue Fund accounts for revenues and expenditures of the virtual education program.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for funding for building construction and renovations of the school department.

Exhibit I-1

Union County, Tennessee
Statement of Activities
Discretely Presented Union County School Department
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 23,971,112	\$ 0	\$ 951,299	\$ 0	\$ (23,019,813)
Support Services	12,413,056	0	1,376,573	0	(11,036,483)
Operation of Non-instructional Services	2,383,713	197,846	2,229,031	0	43,164
Total Governmental Activities	<u>\$ 38,767,881</u>	<u>\$ 197,846</u>	<u>\$ 4,556,903</u>	<u>\$ 0</u>	<u>\$ (34,013,132)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,635,960
Local Option Sales Taxes					1,260,766
Other Local Taxes					67,383
Grants and Contributions Not Restricted to Specific Programs					32,111,758
Gain on Investments					2,916
Miscellaneous					56,236
Total General Revenues					<u>\$ 36,135,019</u>
Change in Net Position					\$ 2,121,887
Net Position, July 1, 2019					<u>29,640,058</u>
Net Position, June 30, 2020					<u>\$ 31,761,945</u>

Exhibit I-2

Union County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Union County School Department
June 30, 2020

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 7,671,670	\$ 6,214,456	\$ 1,339,139	\$ 15,225,265
Accounts Receivable	1,790	0	869	2,659
Due from Other Governments	390,108	0	70,099	460,207
Property Taxes Receivable	2,753,771	0	0	2,753,771
Allowance for Uncollectible Property Taxes	(100,956)	0	0	(100,956)
Restricted Assets	96,492	0	0	96,492
Total Assets	<u>\$ 10,812,875</u>	<u>\$ 6,214,456</u>	<u>\$ 1,410,107</u>	<u>\$ 18,437,438</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 159,328	\$ 0	\$ 7,723	\$ 167,051
Accrued Payroll	677,868	0	66,379	744,247
Payroll Deductions Payable	421,144	0	30,731	451,875
Due to State of Tennessee	803	0	288	1,091
Other Current Liabilities	228,086	0	0	228,086
Total Liabilities	<u>\$ 1,487,229</u>	<u>\$ 0</u>	<u>\$ 105,121</u>	<u>\$ 1,592,350</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,574,686	\$ 0	\$ 0	\$ 2,574,686
Deferred Delinquent Property Taxes	66,319	0	0	66,319
Other Deferred/Unavailable Revenue	124,245	0	0	124,245
Total Deferred Inflows of Resources	<u>\$ 2,765,250</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,765,250</u>

(Continued)

Exhibit I-2

Union County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Union County School Department (Cont.)

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 0	\$ 0	\$ 992,782	\$ 992,782
Restricted for Hybrid Retirement Stabilization Funds	96,492	0	0	96,492
Committed:				
Committed for Education	0	0	312,204	312,204
Committed for Capital Projects	0	6,214,456	0	6,214,456
Unassigned	6,463,904	0	0	6,463,904
Total Fund Balances	<u>\$ 6,560,396</u>	<u>\$ 6,214,456</u>	<u>\$ 1,304,986</u>	<u>\$ 14,079,838</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,812,875</u>	<u>\$ 6,214,456</u>	<u>\$ 1,410,107</u>	<u>\$ 18,437,438</u>

Union County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Union County School Department
June 30, 2020

Amounts reported for governmental activities in the statement
of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 14,079,838
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,598,528	
Add: buildings and improvements net of accumulated depreciation	15,371,949	
Add: infrastructure net of accumulated depreciation	124,441	
Add: other capital assets net of accumulated depreciation	<u>862,931</u>	17,957,849
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		190,564
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (2,148,620)	
Less: compensated absences payable	<u>(111,826)</u>	(2,260,446)
(4) Amounts reflected as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 2,196,937	
Less: deferred inflows of resources related to pensions	(3,310,224)	
Add: deferred outflows of resources related to OPEB	174,795	
Less: deferred inflows of resources related to OPEB	<u>(1,188,446)</u>	(2,126,938)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 425,852	
Add: net pension asset - teacher retirement plan	105,026	
Add: net pension asset - teacher legacy pension plan	<u>3,390,200</u>	3,921,078
Net position of governmental activities (Exhibit A)		<u>\$ 31,761,945</u>

Exhibit I-4

Union County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Union County School Department
For the Year Ended June 30, 2020

	Major Funds			Nonmajor Funds	
	General Purpose School	Other Education Special Revenue	Education Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 3,938,749	\$ 0	\$ 0	\$ 0	\$ 3,938,749
Licenses and Permits	1,492	0	0	0	1,492
Charges for Current Services	115,133	0	0	82,713	197,846
Other Local Revenues	57,448	0	0	6,266	63,714
State of Tennessee	22,595,095	9,283,110	0	16,274	31,894,479
Federal Government	259,666	0	0	4,379,257	4,638,923
Total Revenues	\$ 26,967,583	\$ 9,283,110	\$ 0	\$ 4,484,510	\$ 40,735,203
<u>Expenditures</u>					
Current:					
Instruction	\$ 14,197,786	\$ 8,796,298	\$ 0	\$ 1,276,212	\$ 24,270,296
Support Services	9,346,843	115,491	0	1,390,057	10,852,391
Operation of Non-Instructional Services	517,313	0	0	1,934,065	2,451,378
Capital Outlay	0	0	1,088,681	0	1,088,681
Debt Service:					
Other Debt Service	781,150	0	0	0	781,150
Total Expenditures	\$ 24,843,092	\$ 8,911,789	\$ 1,088,681	\$ 4,600,334	\$ 39,443,896
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,124,491	\$ 371,321	\$ (1,088,681)	\$ (115,824)	\$ 1,291,307
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 18,312	\$ 0	\$ 0	\$ 6,850	\$ 25,162
Transfers In	412,105	0	2,279,557	0	2,691,662
Transfers Out	(2,279,557)	(371,321)	(40,000)	(784)	(2,691,662)
Total Other Financing Sources (Uses)	\$ (1,849,140)	\$ (371,321)	\$ 2,239,557	\$ 6,066	\$ 25,162

(Continued)

Exhibit I-4

Union County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Union County School Department (Cont.)

	Major Funds			Nonmajor Funds	
	General Purpose School	Other Education Special Revenue	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
Net Change in Fund Balances	\$ 275,351	\$ 0	\$ 1,150,876	\$ (109,758)	\$ 1,316,469
Fund Balance, July 1, 2019	6,285,045	0	5,063,580	1,414,744	12,763,369
Fund Balance, June 30, 2020	\$ 6,560,396	\$ 0	\$ 6,214,456	\$ 1,304,986	\$ 14,079,838

Exhibit I-5

Union County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Union County School Department
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement
of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,316,469
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 935,003	
Less: current-year depreciation expense	<u>(899,311)</u>	35,692
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$ 190,564	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(165,204)</u>	25,360
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences	\$ (34,807)	
Change in OPEB liability	875,739	
Change in net pension liability/asset	2,418,439	
Change in deferred outflows related to pensions	(316,416)	
Change in deferred inflows related to pensions	(1,302,420)	
Change in deferred outflows related to OPEB	(58,177)	
Change in deferred inflows related to OPEB	<u>(837,992)</u>	744,366
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,121,887</u>

Exhibit I-6

Union County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Union County School Department
June 30, 2020

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 359,678	\$ 979,461	\$ 1,339,139
Accounts Receivable	691	178	869
Due from Other Governments	57,651	12,448	70,099
Total Assets	<u>\$ 418,020</u>	<u>\$ 992,087</u>	<u>\$ 1,410,107</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,723	\$ 0	\$ 7,723
Accrued Payroll	66,379	0	66,379
Payroll Deductions Payable	30,731	0	30,731
Due to State of Tennessee	288	0	288
Total Liabilities	<u>\$ 105,121</u>	<u>\$ 0</u>	<u>\$ 105,121</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 695	\$ 992,087	\$ 992,782
Committed:			
Committed for Education	312,204	0	312,204
Total Fund Balances	<u>\$ 312,899</u>	<u>\$ 992,087</u>	<u>\$ 1,304,986</u>
Total Liabilities and Fund Balances	<u>\$ 418,020</u>	<u>\$ 992,087</u>	<u>\$ 1,410,107</u>

Exhibit I-7

Union County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Union County School Department
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 82,713	\$ 82,713
Other Local Revenues	0	6,266	6,266
State of Tennessee	0	16,274	16,274
Federal Government	2,667,741	1,711,516	4,379,257
Total Revenues	<u>\$ 2,667,741</u>	<u>\$ 1,816,769</u>	<u>\$ 4,484,510</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,276,212	\$ 0	\$ 1,276,212
Support Services	1,390,057	0	1,390,057
Operation of Non-Instructional Services	0	1,934,065	1,934,065
Total Expenditures	<u>\$ 2,666,269</u>	<u>\$ 1,934,065</u>	<u>\$ 4,600,334</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,472</u>	<u>\$ (117,296)</u>	<u>\$ (115,824)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 6,850	\$ 6,850
Transfers Out	(784)	0	(784)
Total Other Financing Sources (Uses)	<u>\$ (784)</u>	<u>\$ 6,850</u>	<u>\$ 6,066</u>
Net Change in Fund Balances	\$ 688	\$ (110,446)	\$ (109,758)
Fund Balance, July 1, 2019	<u>312,211</u>	<u>1,102,533</u>	<u>1,414,744</u>
Fund Balance, June 30, 2020	<u><u>\$ 312,899</u></u>	<u><u>\$ 992,087</u></u>	<u><u>\$ 1,304,986</u></u>

Exhibit I-8

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Union County School Department
General Purpose School Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,938,749	\$ 0	\$ 3,938,749	\$ 3,562,825	\$ 3,562,825	\$ 375,924
Licenses and Permits	1,492	0	1,492	1,100	1,100	392
Charges for Current Services	115,133	0	115,133	345,993	14,667	100,466
Other Local Revenues	57,448	0	57,448	1,676	16,367	41,081
State of Tennessee	22,595,095	0	22,595,095	20,411,554	21,977,838	617,257
Federal Government	259,666	0	259,666	0	284,151	(24,485)
Total Revenues	\$ 26,967,583	\$ 0	\$ 26,967,583	\$ 24,323,148	\$ 25,856,948	\$ 1,110,635
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 11,471,202	\$ 0	\$ 11,471,202	\$ 11,386,502	\$ 11,971,357	\$ 500,155
Special Education Program	1,750,814	0	1,750,814	1,983,108	1,934,599	183,785
Career and Technical Education Program	975,770	0	975,770	1,019,165	1,070,224	94,454
<u>Support Services</u>						
Attendance	90,953	0	90,953	89,717	92,292	1,339
Health Services	365,511	0	365,511	321,425	425,251	59,740
Other Student Support	830,856	0	830,856	752,072	972,172	141,316
Regular Instruction Program	836,528	0	836,528	551,976	889,511	52,983
Special Education Program	661,131	0	661,131	712,795	725,453	64,322
Career and Technical Education Program	143,905	0	143,905	145,134	146,422	2,517
Technology	355,692	0	355,692	385,489	413,689	57,997
Other Programs	63,181	0	63,181	0	63,181	0
Board of Education	500,008	0	500,008	501,833	527,320	27,312
Director of Schools	149,646	0	149,646	159,588	156,653	7,007
Office of the Principal	1,791,240	0	1,791,240	1,811,733	1,824,473	33,233

(Continued)

Exhibit I-8

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Union County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Fiscal Services	\$ 233,611	\$ 0	\$ 233,611	\$ 209,171	\$ 233,671	\$ 60
Operation of Plant	1,853,455	0	1,853,455	1,976,922	2,008,392	154,937
Maintenance of Plant	448,854	0	448,854	404,100	488,307	39,453
Transportation	1,022,272	28,852	1,051,124	1,113,403	1,162,261	111,137
<u>Operation of Non-Instructional Services</u>						
Community Services	82,214	0	82,214	17,865	84,129	1,915
Early Childhood Education	435,099	0	435,099	0	440,102	5,003
<u>Other Debt Service</u>						
Education	781,150	0	781,150	781,150	781,150	0
Total Expenditures	\$ 24,843,092	\$ 28,852	\$ 24,871,944	\$ 24,323,148	\$ 26,410,609	\$ 1,538,665
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 2,124,491	\$ (28,852)	\$ 2,095,639	\$ 0	\$ (553,661)	\$ 2,649,300
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 18,312	\$ 0	\$ 18,312	\$ 0	\$ 16,647	\$ 1,665
Transfers In	412,105	0	412,105	0	406,325	5,780
Transfers Out	(2,279,557)	0	(2,279,557)	0	(2,279,557)	0
Total Other Financing Sources	\$ (1,849,140)	\$ 0	\$ (1,849,140)	\$ 0	\$ (1,856,585)	\$ 7,445
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2019	\$ 275,351	\$ (28,852)	\$ 246,499	\$ 0	\$ (2,410,246)	\$ 2,656,745
	6,285,045	0	6,285,045	4,879,277	4,879,277	1,405,768
<u>Fund Balance, June 30, 2020</u>						
	\$ 6,560,396	\$ (28,852)	\$ 6,531,544	\$ 4,879,277	\$ 2,469,031	\$ 4,062,513

Exhibit I-9

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Union County School Department
School Federal Projects Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,667,741	\$ 2,424,244	\$ 3,095,601	\$ (427,860)
Total Revenues	\$ 2,667,741	\$ 2,424,244	\$ 3,095,601	\$ (427,860)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 657,996	\$ 622,880	\$ 834,958	\$ 176,962
Special Education Program	549,761	584,522	620,068	70,307
Career and Technical Education Program	68,455	0	68,459	4
<u>Support Services</u>				
Other Student Support	264,047	252,337	286,309	22,262
Regular Instruction Program	633,247	511,562	733,273	100,026
Special Education Program	331,042	326,719	378,786	47,744
Career and Technical Education Program	1,965	0	1,965	0
Transportation	159,756	126,224	171,000	11,244
Total Expenditures	\$ 2,666,269	\$ 2,424,244	\$ 3,094,818	\$ 428,549
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,472	\$ 0	\$ 783	\$ 689
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (784)	\$ 0	\$ (784)	\$ 0
Total Other Financing Sources	\$ (784)	\$ 0	\$ (784)	\$ 0
Net Change in Fund Balance	\$ 688	\$ 0	\$ (1)	\$ 689
Fund Balance, July 1, 2019	312,211	342,209	342,209	(29,998)
Fund Balance, June 30, 2020	\$ 312,899	\$ 342,209	\$ 342,208	\$ (29,309)

Exhibit I-10

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Union County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 82,713	\$ 118,928	\$ 118,928	\$ (36,215)
Other Local Revenues	6,266	8,913	8,913	(2,647)
State of Tennessee	16,274	0	0	16,274
Federal Government	1,711,516	1,631,499	1,631,499	80,017
Total Revenues	<u>\$ 1,816,769</u>	<u>\$ 1,759,340</u>	<u>\$ 1,759,340</u>	<u>\$ 57,429</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,934,065	\$ 2,079,574	\$ 2,446,424	\$ 512,359
Total Expenditures	<u>\$ 1,934,065</u>	<u>\$ 2,079,574</u>	<u>\$ 2,446,424</u>	<u>\$ 512,359</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (117,296)</u>	<u>\$ (320,234)</u>	<u>\$ (687,084)</u>	<u>\$ 569,788</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,850	0	\$ 6,850	0
Total Other Financing Sources	<u>\$ 6,850</u>	<u>0</u>	<u>\$ 6,850</u>	<u>0</u>
Net Change in Fund Balance	\$ (110,446)	\$ (320,234)	\$ (680,234)	\$ 569,788
Fund Balance, July 1, 2019	<u>1,102,533</u>	<u>1,084,418</u>	<u>1,084,418</u>	<u>18,115</u>
Fund Balance, June 30, 2020	<u><u>\$ 992,087</u></u>	<u><u>\$ 764,184</u></u>	<u><u>\$ 404,184</u></u>	<u><u>\$ 587,903</u></u>

Exhibit I-11

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Union County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 9,283,110	\$ 8,490,716	\$ 9,358,114	\$ (75,004)
Total Revenues	\$ 9,283,110	\$ 8,490,716	\$ 9,358,114	\$ (75,004)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 8,796,298	\$ 7,960,332	\$ 8,868,027	\$ 71,729
<u>Support Services</u>				
Regular Instruction Program	450	0	450	0
Special Education Program	0	75,000	0	0
Office of the Principal	115,041	115,755	115,312	271
Total Expenditures	\$ 8,911,789	\$ 8,151,087	\$ 8,983,789	\$ 72,000
Excess (Deficiency) of Revenues Over Expenditures	\$ 371,321	\$ 339,629	\$ 374,325	\$ (3,004)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (371,321)	\$ (339,629)	\$ (374,325)	\$ 3,004
Total Other Financing Sources	\$ (371,321)	\$ (339,629)	\$ (374,325)	\$ 3,004
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2019	0	0	0	0
Fund Balance, June 30, 2020	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit I-12

Union County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Union County School Department
Education Capital Projects Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>						
<u>Capital Outlay</u>						
Regular Capital Outlay	\$ 1,088,681	\$ (201,000)	\$ 887,681	\$ 2,016,475	\$ 1,988,325	\$ 1,100,644
Total Expenditures	\$ 1,088,681	\$ (201,000)	\$ 887,681	\$ 2,016,475	\$ 1,988,325	\$ 1,100,644
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,088,681)	\$ 201,000	\$ (887,681)	\$ (2,016,475)	\$ (1,988,325)	\$ 1,100,644
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 2,279,557	\$ 0	\$ 2,279,557	\$ 0	\$ 2,279,557	\$ 0
Transfers Out	(40,000)	0	(40,000)	0	(40,000)	0
Total Other Financing Sources	\$ 2,239,557	\$ 0	\$ 2,239,557	\$ 0	\$ 2,239,557	\$ 0
Net Change in Fund Balance	\$ 1,150,876	\$ 201,000	\$ 1,351,876	\$ (2,016,475)	\$ 251,232	\$ 1,100,644
Fund Balance, July 1, 2019	5,063,580	(201,000)	4,862,580	5,098,079	5,098,079	(235,499)
Fund Balance, June 30, 2020	\$ 6,214,456	\$ 0	\$ 6,214,456	\$ 3,081,604	\$ 5,349,311	\$ 865,145

MISCELLANEOUS SCHEDULES

Exhibit J-1

Union County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Paid and/or Matured During Period	Outstanding 6-30-20
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Ambulance 2016	\$ 130,000	2.3 %	8-10-16	9-28-19	\$ 44,251	\$ 44,251	\$ 0
Dump Trucks	220,000	2.95	3-20-17	3-1-21	112,648	55,690	56,958
Total Notes Payable					<u>\$ 156,899</u>	<u>\$ 99,941</u>	<u>\$ 56,958</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Qualified School Construction Bond	7,160,000	1.515	12-17-09	9-1-26	\$ 3,176,274	\$ 446,773	\$ 2,729,501
Refunding Series 2013	7,110,000	2.25 to 5	3-15-13	4-1-26	1,450,000	985,000	465,000
General Obligation Bonds Series 2015	3,500,000	2.5	6-1-15	6-30-30	2,695,000	215,000	2,480,000
Total Bonds Payable					<u>\$ 7,321,274</u>	<u>\$ 1,646,773</u>	<u>\$ 5,674,501</u>

Exhibit J-2

Union County, Tennessee

Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 56,958	\$ 1,691	\$ 58,649
Total	\$ 56,958	\$ 1,691	\$ 58,649

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 771,773	\$ 178,111	\$ 949,884
2022	781,773	169,411	951,184
2023	786,773	162,711	949,484
2024	736,773	155,649	892,422
2025	741,773	149,724	891,497
2026	795,636	143,087	938,723
2027	255,000	27,863	282,863
2028	260,000	21,488	281,488
2029	270,000	14,988	284,988
2030	275,000	7,561	282,561
Total	\$ 5,674,501	\$ 1,030,593	\$ 6,705,094

Exhibit J-3

Union County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Union County School Department
For the Year Ended June 30, 2020

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Debt service for dump truck payment	\$ 59,024
Ambulance Service Fund	General Debt Service	Debt service for ambulance note	<u>45,326</u>
Total Transfers Primary Government			<u>\$ 104,350</u>
<u>DISCRETELY PRESENTED UNION COUNTY SCHOOL DEPARTMENT</u>			
Other Education Special Revenue	General Purpose School	Virtual academy revenue (4% per contract)	\$ 371,321
Education Capital Projects	General Purpose School	HVAC Repairs	40,000
School Federal Projects	General Purpose School	Indirect Costs - Adaptive Learning	784
General Purpose School	Educational Capital Projects	Transfer of excess fund balance per fund balance policy	<u>2,279,557</u>
Total Transfers Discretely Presented Union County School Department			<u>\$ 2,691,662</u>

Exhibit J-4

Union County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Union County School Department
For the Year Ended June 30, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 85,435	\$ (3)	
Highway Superintendent	Section 8-24-102, <i>TCA</i>	81,368	100,000	(4) State Farm Fire and Casualty Company
Director of Schools	State Board of Education and County Board of Education	106,117 (1)	(3)	
Trustee	Section 8-24-102, <i>TCA</i>	73,971	1,500,000	(4) Auto Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	73,971	(3)	
Finance Director	Financial Management Committee	66,574	(3)	
County Clerk	Section 8-24-102, <i>TCA</i>	73,971	(3)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	73,971	(3)	
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	73,971 (2)	(3)	(5)
Register of Deeds	Section 8-24-102, <i>TCA</i>	73,971	(3)	
Sheriff	Section 8-24-102, <i>TCA</i>	81,368	(3)	
Employee Blanket Bond - County and School Employees:				
Public Officials Liability Errors and Omissions			1,000,000	Tennessee Risk Management Trust
Employee Fidelity - County Departments			400,000	"
Employee Fidelity - School Department			400,000	"

(1) Includes a local salary supplement of \$2,000 and a CEO supplement of \$827.

(2) Does not include \$7,665 of special commissioner fees.

(3) Officials were covered by a \$400,000 officials' blanket bond by Tennessee Risk Management Trust.

(4) These officials had coverage under individual official bonds as well as coverage under the blanket officials bond as of June 30, 2020.

(5) This official was also covered by a Special Master's Bond in the amount of \$10,000 through State Farm Fire and Casualty Company.

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2020

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,264,034	\$ 445,923	\$ 0	\$ 0	\$ 297,556	\$ 572,362
Trustee's Collections - Prior Year	86,504	13,102	0	0	8,689	19,966
Circuit Clerk/Clerk and Master Collections - Prior Years	86,946	12,425	0	0	8,289	17,071
Interest and Penalty	15,261	2,158	0	0	1,439	2,915
Payments in-Lieu-of Taxes - T.V.A.	4,595	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	382,090	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	479,988	0	0	0	0	0
Hotel/Motel Tax	43,246	0	0	0	0	0
Wheel Tax	0	0	0	0	0	518,819
Litigation Tax - General	23,972	0	0	0	0	0
Litigation Tax - Special Purpose	24,371	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	10,229	0	0	0	0	0
Business Tax	89,094	0	0	0	0	0
Mixed Drink Tax	8,685	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	87,557	0
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	78,935	0	0	0	0	0
Beer Privilege Tax	1,639	0	0	0	0	0
Total Local Taxes	\$ 4,599,589	\$ 473,608	\$ 0	\$ 0	\$ 403,530	\$ 1,131,133
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 39,675	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 1,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	53,415	0	0	0	0	0
Total Licenses and Permits	<u>\$ 94,278</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 8,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,283	0	0	0	0	0
Drug Control Fines	0	0	2,368	0	0	0
Data Entry Fee - Circuit Court	607	0	0	0	0	0
Victims Assistance Assessments	976	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	285	0	0	0	0	0
Courtroom Security Fee	36	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	16,857	0	0	0	0	0
Officers Costs	16,030	0	0	0	0	0
Game and Fish Fines	536	0	0	0	0	0
Drug Control Fines	0	0	5,040	0	0	0
Data Entry Fee - General Sessions Court	8,954	0	0	0	0	0
Courtroom Security Fee	16	0	0	0	0	0
Victims Assistance Assessments	11,089	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	109	0	0	0	0	0
Officers Costs	2,887	0	0	0	0	0

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court (Cont.)</u>						
Jail Fees	\$ 15	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Juvenile Court	356	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	912	0	0	0	0	0
Data Entry Fee - Chancery Court	506	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	6	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	23,000	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 71,993	\$ 0	\$ 30,408	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 10,112	\$ 983,589	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	3	0	0	0	0	0
<u>Fees</u>						
Engineer Review Fees	1,465	0	0	0	0	0
Copy Fees	724	0	0	0	0	0
Library Fees	1,103	0	0	0	0	0
Archives and Records Management Fee	31,425	0	0	0	0	0
Telephone Commissions	35,291	0	0	0	0	0
Vending Machine Collections	35,155	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	306	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	7,665	0	0
Data Processing Fee - Register	8,210	0	0	0	0	0

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Sheriff	\$ 1,641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sexual Offender Registration Fee - Sheriff	6,300	0	0	0	0	0
Data Processing Fee - County Clerk	1,710	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	1,015	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	487,664	0	0	0	0	0
Total Charges for Current Services	\$ 621,818	\$ 983,589	\$ 0	\$ 7,971	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 279,626
Lease/Rentals	36,210	0	0	0	10,556	0
Sale of Materials and Supplies	0	0	0	0	3,200	0
Commissary Sales	14,802	0	0	0	0	0
Sale of Gasoline	0	0	0	0	6,499	0
Sale of Recycled Materials	0	0	0	0	1,098	0
Miscellaneous Refunds	25,340	1,768	0	0	646	0
<u>Nonrecurring Items</u>						
Sale of Equipment	2,946	5,500	0	0	7,458	0
Sale of Property	21,000	0	0	0	0	0
Damages Recovered from Individuals	1,865	0	0	0	0	0
Contributions and Gifts	13,653	0	1,807	0	0	0
Total Other Local Revenues	\$ 115,816	\$ 7,268	\$ 1,807	\$ 0	\$ 29,457	\$ 279,626

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Clerk and Master	\$ 5,185	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	212,477	0	0	0	0	0
Circuit Court Clerk	43,629	0	0	0	0	0
General Sessions Court Clerk	63,107	0	0	0	0	0
Clerk and Master	59,981	0	0	0	0	0
Juvenile Court Clerk	15,793	0	0	0	0	0
Register	100,748	0	0	0	0	0
Sheriff	6,956	0	0	0	0	0
Trustee	281,576	0	0	0	0	0
Total Fees Received From County Officials	\$ 789,452	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	6,865	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Public Health Nurses	98,962	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	39,668	0	0	0	0	0
<u>State Education Funds</u>						
Other State Education Funds	20,326	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	10,941	0	0	0	0	0
Beer Tax	18,175	0	0	0	0	0

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Vehicle Certificate of Title Fees	\$ 6,608	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	45,297	0	0	0	0	0
State Revenue Sharing - T.V.A.	941,851	0	0	0	0	0
State Revenue Sharing - Telecommunications	28,283	0	0	0	0	0
Child Support Collections	25,912	0	0	0	0	0
Contracted Prisoner Boarding	234,219	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,923,118	0
Petroleum Special Tax	0	0	0	0	13,788	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	20,164	0	0	0	0	0
Other State Revenues	182,443	0	0	0	559,007	0
Total State of Tennessee	\$ 1,703,878	\$ 0	\$ 0	\$ 0	\$ 2,495,913	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
COVID-19 Grant #1	2,046	0	0	0	0	0
Other Federal through State	111,170	0	0	0	65,181	0
<u>Direct Federal Revenue</u>						
Medicare	0	90,143	0	0	0	0
Asset Forfeiture Funds	0	0	58,710	0	0	0
COVID-19 Grant #6	0	27,183	0	0	0	0
Total Federal Government	\$ 113,216	\$ 117,326	\$ 58,710	\$ 0	\$ 65,181	\$ 0

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund
	General	Ambulance Service	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 781,150
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 781,150
 Total	 \$ 8,110,040	 \$ 1,581,791	 \$ 90,925	 \$ 7,971	 \$ 2,994,081	 \$ 2,191,909

(Continued)

Exhibit J-5

Union County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Capital Projects Funds		
	General	Community	
	Capital	Development/	
	Projects	Industrial	
		Park	Total
<hr/>			
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 115,421	\$ 0	\$ 4,695,296
Trustee's Collections - Prior Year	5,698	0	133,959
Circuit Clerk/Clerk and Master Collections - Prior Years	5,984	0	130,715
Interest and Penalty	934	0	22,707
Payments in-Lieu-of Taxes - T.V.A.	0	0	4,595
Payments in-Lieu-of Taxes - Local Utilities	0	0	382,090
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	479,988
Hotel/Motel Tax	0	0	43,246
Wheel Tax	0	0	518,819
Litigation Tax - General	0	0	23,972
Litigation Tax - Special Purpose	0	0	24,371
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	10,229
Business Tax	0	0	89,094
Mixed Drink Tax	0	0	8,685
Mineral Severance Tax	0	0	87,557
<u>Statutory Local Taxes</u>			
Wholesale Beer Tax	0	0	78,935
Beer Privilege Tax	0	0	1,639
Total Local Taxes	<u>\$ 128,037</u>	<u>\$ 0</u>	<u>\$ 6,735,897</u>
<hr/>			
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$ 0	\$ 0	\$ 39,675

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Capital Projects Funds		
	General	Community	
	Capital	Development/	
	Projects	Industrial	
		Park	Total
<hr/>			
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$	0	\$ 1,188
Building Permits		0	53,415
Total Licenses and Permits	\$	0	\$ 94,278
<hr/>			
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$	0	\$ 8,533
Officers Costs		0	3,283
Drug Control Fines		0	2,368
Data Entry Fee - Circuit Court		0	607
Victims Assistance Assessments		0	976
<u>Criminal Court</u>			
DUI Treatment Fines		0	285
Courtroom Security Fee		0	36
<u>General Sessions Court</u>			
Fines		0	16,857
Officers Costs		0	16,030
Game and Fish Fines		0	536
Drug Control Fines		0	5,040
Data Entry Fee - General Sessions Court		0	8,954
Courtroom Security Fee		0	16
Victims Assistance Assessments		0	11,089
<u>Juvenile Court</u>			
Fines		0	109
Officers Costs		0	2,887

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Capital Projects Funds		
	General	Community	
	Capital	Development/	
	Projects	Industrial	
		Park	Total
<hr/>			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Juvenile Court (Cont.)</u>			
Jail Fees	\$ 0	\$ 0	\$ 15
Data Entry Fee - Juvenile Court	0	0	356
<u>Chancery Court</u>			
Officers Costs	0	0	912
Data Entry Fee - Chancery Court	0	0	506
<u>Judicial District Drug Program</u>			
Courtroom Security Fee	0	0	6
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	23,000
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 102,401</u>
<hr/>			
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	\$ 0	\$ 0	\$ 993,701
Other General Service Charges	0	0	3
<u>Fees</u>			
Engineer Review Fees	0	0	1,465
Copy Fees	0	0	724
Library Fees	0	0	1,103
Archives and Records Management Fee	0	0	31,425
Telephone Commissions	0	0	35,291
Vending Machine Collections	0	0	35,155
Constitutional Officers' Fees and Commissions	0	0	306
Special Commissioner Fees/Special Master Fees	0	0	7,665
Data Processing Fee - Register	0	0	8,210

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Capital Projects Funds		
	General	Community	
	Capital	Development/	
	Projects	Industrial	
		Park	Total
<hr/>			
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Data Processing Fee - Sheriff	\$ 0	\$ 0	\$ 1,641
Sexual Offender Registration Fee - Sheriff	0	0	6,300
Data Processing Fee - County Clerk	0	0	1,710
Vehicle Insurance Coverage and Reinstatement Fees	0	0	1,015
<u>Education Charges</u>			
Other Charges for Services	0	0	487,664
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,613,378</u>
<hr/>			
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 279,626
Lease/Rentals	0	0	46,766
Sale of Materials and Supplies	0	0	3,200
Commissary Sales	0	0	14,802
Sale of Gasoline	0	0	6,499
Sale of Recycled Materials	0	0	1,098
Miscellaneous Refunds	0	0	27,754
<u>Nonrecurring Items</u>			
Sale of Equipment	0	0	15,904
Sale of Property	0	70,401	91,401
Damages Recovered from Individuals	0	0	1,865
Contributions and Gifts	0	50,000	65,460
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 120,401</u>	<u>\$ 554,375</u>

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General	Community	
	Capital	Development/	
	Projects	Industrial	
		Park	Total
<hr/>			
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
Clerk and Master	\$	0	\$ 5,185
<u>Fees In-Lieu-of Salary</u>			
County Clerk		0	212,477
Circuit Court Clerk		0	43,629
General Sessions Court Clerk		0	63,107
Clerk and Master		0	59,981
Juvenile Court Clerk		0	15,793
Register		0	100,748
Sheriff		0	6,956
Trustee		0	281,576
Total Fees Received From County Officials	\$	0	\$ 789,452
<hr/>			
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$	0	\$ 9,000
Aging Programs		0	6,865
<u>Health and Welfare Grants</u>			
Public Health Nurses		0	98,962
<u>Public Works Grants</u>			
Litter Program		0	39,668
<u>State Education Funds</u>			
Other State Education Funds		0	20,326
<u>Other State Revenues</u>			
Income Tax		0	10,941
Beer Tax		0	18,175

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General	Community	
	Capital	Development/	
	Projects	Industrial	
		Park	Total
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Vehicle Certificate of Title Fees	\$ 0	\$ 0	\$ 6,608
Alcoholic Beverage Tax	0	0	45,297
State Revenue Sharing - T.V.A.	0	0	941,851
State Revenue Sharing - Telecommunications	0	0	28,283
Child Support Collections	0	0	25,912
Contracted Prisoner Boarding	0	0	234,219
Gasoline and Motor Fuel Tax	0	0	1,923,118
Petroleum Special Tax	0	0	13,788
Registrar's Salary Supplement	0	0	15,164
Other State Grants	0	0	20,164
Other State Revenues	1,555	0	743,005
Total State of Tennessee	\$ 1,555	\$ 0	\$ 4,201,346
<u>Federal Government</u>			
<u>Federal Through State</u>			
Appalachian Regional Commission	\$ 174,717	\$ 0	\$ 174,717
COVID-19 Grant #1	0	0	2,046
Other Federal through State	53,825	0	230,176
<u>Direct Federal Revenue</u>			
Medicare	0	0	90,143
Asset Forfeiture Funds	0	0	58,710
COVID-19 Grant #6	0	0	27,183
Total Federal Government	\$ 228,542	\$ 0	\$ 582,975

(Continued)

Exhibit J-5

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	<u>Capital Projects Funds</u>		
	General	Community	
	Capital	Development/	
	Projects	Industrial	
		Park	Total
<hr/>			
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 140,070	\$ 0	\$ 921,220
Total Other Governments and Citizens Groups	<u>\$ 140,070</u>	<u>\$ 0</u>	<u>\$ 921,220</u>
 Total	 <u>\$ 498,204</u>	 <u>\$ 120,401</u>	 <u>\$ 15,595,322</u>

Exhibit J-6

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Union County School Department
For the Year Ended June 30, 2020

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,477,774	\$ 0	\$ 0	\$ 0	\$ 2,477,774
Trustee's Collections - Prior Year	72,963	0	0	0	72,963
Circuit Clerk/Clerk and Master Collections - Prior Years	69,040	0	0	0	69,040
Interest and Penalty	11,936	0	0	0	11,936
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,239,653	0	0	0	1,239,653
Mixed Drink Tax	9,337	0	0	0	9,337
<u>Statutory Local Taxes</u>					
Bank Excise Tax	58,046	0	0	0	58,046
Total Local Taxes	<u>\$ 3,938,749</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,938,749</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,282	\$ 0	\$ 0	\$ 0	\$ 1,282
<u>Permits</u>					
Other Permits	210	0	0	0	210
Total Licenses and Permits	<u>\$ 1,492</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,492</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 13,560	\$ 0	\$ 13,560
A la Carte Sales	0	0	69,153	0	69,153
Contract for Instructional Services with Other LEA's	8,303	0	0	0	8,303
Community Service Fees - Children	663	0	0	0	663

(Continued)

Exhibit J-6

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Other Charges for Services	\$ 106,167	\$ 0	\$ 0	\$ 0	\$ 106,167
Total Charges for Current Services	\$ 115,133	\$ 0	\$ 82,713	\$ 0	\$ 197,846
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 2,916	\$ 0	\$ 3,300	\$ 0	\$ 6,216
Rebates	0	0	113	0	113
Miscellaneous Refunds	41,720	0	2,853	0	44,573
Expenditure Credits	3,955	0	0	0	3,955
<u>Nonrecurring Items</u>					
Sale of Equipment	360	0	0	0	360
Contributions and Gifts	247	0	0	0	247
<u>Other Local Revenues</u>					
Other Local Revenues	8,250	0	0	0	8,250
Total Other Local Revenues	\$ 57,448	\$ 0	\$ 6,266	\$ 0	\$ 63,714
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 63,181	\$ 0	\$ 0	\$ 0	\$ 63,181
<u>State Education Funds</u>					
Basic Education Program	20,921,287	0	0	9,283,110	30,204,397
Early Childhood Education	436,537	0	0	0	436,537
School Food Service	0	0	16,274	0	16,274
Driver Education	7,076	0	0	0	7,076

(Continued)

Exhibit J-6

Union County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	\$ 366,793	\$ 0	\$ 0	\$ 0	\$ 366,793
Career Ladder Program	58,025	0	0	0	58,025
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	235,463	0	0	0	235,463
Other State Grants	179,705	0	0	0	179,705
Safe Schools	327,028	0	0	0	327,028
Total State of Tennessee	<u>\$ 22,595,095</u>	<u>\$ 0</u>	<u>\$ 16,274</u>	<u>\$ 9,283,110</u>	<u>\$ 31,894,479</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 970,641	\$ 0	\$ 970,641
USDA - Commodities	0	0	117,554	0	117,554
Breakfast	0	0	322,907	0	322,907
USDA - Other	0	0	300,414	0	300,414
Vocational Education - Basic Grants to States	0	73,934	0	0	73,934
Title I Grants to Local Education Agencies	0	1,303,006	0	0	1,303,006
Special Education - Grants to States	0	1,018,068	0	0	1,018,068
Special Education Preschool Grants	0	22,488	0	0	22,488
English Language Acquisition Grants	0	784	0	0	784
Rural Education	0	44,885	0	0	44,885
Eisenhower Professional Development State Grants	0	151,680	0	0	151,680
Other Federal through State	259,666	52,896	0	0	312,562
Total Federal Government	<u>\$ 259,666</u>	<u>\$ 2,667,741</u>	<u>\$ 1,711,516</u>	<u>\$ 0</u>	<u>\$ 4,638,923</u>
Total	<u>\$ 26,967,583</u>	<u>\$ 2,667,741</u>	<u>\$ 1,816,769</u>	<u>\$ 9,283,110</u>	<u>\$ 40,735,203</u>

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2020

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	54,753	
Social Security		3,395	
Employer Medicare		794	
Audit Services		7,261	
Total County Commission			\$ 66,203

Board of Equalization

Board and Committee Members Fees	\$	780	
Total Board of Equalization			780

Beer Board

Board and Committee Members Fees	\$	1,200	
Social Security		74	
Employer Medicare		17	
Data Processing Services		116	
Total Beer Board			1,407

County Mayor/Executive

County Official/Administrative Officer	\$	85,435	
Secretary(ies)		31,632	
Clerical Personnel		22,204	
Social Security		8,327	
Pensions		11,782	
Medical Insurance		8,808	
Unemployment Compensation		112	
Employer Medicare		1,948	
Communication		3,409	
Dues and Memberships		1,520	
Legal Notices, Recording, and Court Costs		1,134	
Maintenance and Repair Services - Equipment		904	
Travel		1,665	
Other Contracted Services		2,920	
Office Supplies		2,217	
Office Equipment		3,090	
Total County Mayor/Executive			187,107

County Attorney

County Official/Administrative Officer	\$	11,243	
Legal Services		2,000	
Total County Attorney			13,243

Election Commission

County Official/Administrative Officer	\$	66,574	
Deputy(ies)		23,001	
Election Commission		3,450	
Election Workers		16,068	
Social Security		5,834	

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Pensions	\$	4,523	
Medical Insurance		17	
Unemployment Compensation		112	
Employer Medicare		1,364	
Communication		1,197	
Data Processing Services		20,105	
Dues and Memberships		450	
Legal Notices, Recording, and Court Costs		1,480	
Maintenance and Repair Services - Equipment		2,476	
Postal Charges		120	
Printing, Stationery, and Forms		2,529	
Travel		203	
Other Contracted Services		336	
Office Supplies		1,520	
Office Equipment		2,517	
Total Election Commission			\$ 153,876

Register of Deeds

County Official/Administrative Officer	\$	73,971	
Clerical Personnel		58,662	
Social Security		7,922	
Pensions		6,687	
Medical Insurance		8,808	
Unemployment Compensation		112	
Employer Medicare		1,853	
Communication		1,432	
Data Processing Services		7,211	
Dues and Memberships		660	
Maintenance and Repair Services - Office Equipment		660	
Office Supplies		2,610	
Other Charges		163	
Office Equipment		4,650	
Total Register of Deeds			175,401

Development

Board and Committee Members Fees	\$	4,000	
Social Security		248	
Employer Medicare		58	
Consultants		6,480	
Total Development			10,786

County Buildings

Foremen	\$	39,930	
Custodial Personnel		3,546	
Maintenance Personnel		30,987	
Social Security		4,358	
Pensions		3,739	

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Medical Insurance	\$	6,821	
Unemployment Compensation		112	
Employer Medicare		1,019	
Contracts with Private Agencies		475	
Janitorial Services		22,079	
Maintenance Agreements		7,734	
Maintenance and Repair Services - Buildings		46,038	
Maintenance and Repair Services - Vehicles		715	
Pest Control		420	
Custodial Supplies		8,842	
Electricity		50,016	
Propane Gas		8,323	
Water and Sewer		30,175	
Building and Contents Insurance		112,826	
Furniture and Fixtures		7,592	
Total County Buildings			\$ 385,747

Other General Administration

Part-time Personnel	\$	12,000	
Social Security		744	
Unemployment Compensation		56	
Employer Medicare		174	
Communication		3,720	
Contracts with Private Agencies		1,178	
Data Processing Services		3,070	
Dues and Memberships		5,363	
Maintenance and Repair Services - Vehicles		707	
Postal Charges		18,466	
Gasoline		2,987	
Total Other General Administration			48,465

FinanceAccounting and Budgeting

Supervisor/Director	\$	66,574	
Accountants/Bookkeepers		149,989	
Overtime Pay		2,044	
Social Security		12,397	
Pensions		10,963	
Medical Insurance		24,686	
Unemployment Compensation		387	
Employer Medicare		2,899	
Communication		3,140	
Data Processing Services		21,739	
Dues and Memberships		542	
Legal Notices, Recording, and Court Costs		1,275	
Postal Charges		3,637	
Travel		239	

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Custodial Supplies	\$	246	
Office Supplies		7,722	
Office Equipment		4,531	
Total Accounting and Budgeting			\$ 313,010

Property Assessor's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		29,173	
Clerical Personnel		32,693	
Other Salaries and Wages		27,326	
Social Security		9,712	
Pensions		8,220	
Medical Insurance		11,226	
Unemployment Compensation		162	
Employer Medicare		2,271	
Communication		1,432	
Contracts with Other Public Agencies		13,483	
Dues and Memberships		1,400	
Postal Charges		694	
Printing, Stationery, and Forms		714	
Travel		1,365	
Other Contracted Services		298	
Office Supplies		94	
Office Equipment		645	
Total Property Assessor's Office			214,879

County Trustee's Office

County Official/Administrative Officer	\$	73,971	
Clerical Personnel		92,577	
Social Security		9,316	
Pensions		8,360	
Medical Insurance		19,353	
Unemployment Compensation		172	
Employer Medicare		2,179	
Communication		2,137	
Data Processing Services		15,351	
Dues and Memberships		560	
Legal Notices, Recording, and Court Costs		1,400	
Maintenance and Repair Services - Buildings		426	
Postal Charges		3,996	
Printing, Stationery, and Forms		6,442	
Travel		391	
Office Supplies		3,431	
Office Equipment		3,587	
Total County Trustee's Office			243,649

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)County Clerk's Office

County Official/Administrative Officer	\$	73,971	
Clerical Personnel		168,099	
Part-time Personnel		3,780	
Educational Incentive - Other County Employees		2,000	
Social Security		14,588	
Pensions		12,460	
Medical Insurance		19,323	
Unemployment Compensation		354	
Employer Medicare		3,412	
Communication		3,312	
Data Processing Services		11,291	
Dues and Memberships		2,792	
Janitorial Services		2,100	
Maintenance and Repair Services - Buildings		697	
Pest Control		528	
Postal Charges		9,056	
Printing, Stationery, and Forms		5,880	
Travel		2,768	
Maintenance and Repair Services - Records		33,383	
Duplicating Supplies		3,726	
Electricity		3,941	
Office Supplies		789	
Water and Sewer		522	
Total County Clerk's Office			\$ 378,772

Other Finance

Trustee's Commission	\$	103,738	
Total Other Finance			103,738

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	73,971
Clerical Personnel		116,929
Jury and Witness Expense		5,730
Social Security		10,895
Pensions		9,612
Medical Insurance		20,937
Unemployment Compensation		224
Employer Medicare		2,548
Communication		3,075
Data Processing Services		21,129
Dues and Memberships		745
Maintenance and Repair Services - Buildings		759
Maintenance and Repair Services - Equipment		1,800
Travel		56
Electricity		509
Library Books/Media		12,066

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court (Cont.)

Office Supplies	\$	5,374	
Office Equipment		3,634	
Total Circuit Court			\$ 289,993

General Sessions Court

Judge(s)	\$	104,761	
Other Salaries and Wages		25,701	
Social Security		7,898	
Pensions		6,598	
Medical Insurance		6,825	
Unemployment Compensation		56	
Employer Medicare		1,847	
Travel		1,385	
Office Supplies		205	
Total General Sessions Court			155,276

Chancery Court

County Official/Administrative Officer	\$	73,971	
Clerical Personnel		63,144	
Social Security		7,978	
Pensions		6,912	
Medical Insurance		12,317	
Unemployment Compensation		112	
Employer Medicare		1,866	
Communication		1,197	
Data Processing Services		6,136	
Dues and Memberships		560	
Legal Notices, Recording, and Court Costs		44	
Maintenance and Repair Services - Office Equipment		903	
Electricity		509	
Office Supplies		6,546	
Premiums on Corporate Surety Bonds		1,387	
Office Equipment		2,741	
Total Chancery Court			186,323

Victim Assistance Programs

Contributions	\$	12,180	
Liability Claims		6,875	
Total Victim Assistance Programs			19,055

Public SafetySheriff's Department

County Official/Administrative Officer	\$	81,368	
Supervisor/Director		49,009	
Deputy(ies)		599,627	
Investigator(s)		197,555	
Teachers		3,442	

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Secretary(ies)	\$	31,750	
Social Security		56,164	
Pensions		47,111	
Medical Insurance		77,569	
Unemployment Compensation		1,551	
Employer Medicare		13,135	
Communication		19,092	
Contributions		2,000	
Data Processing Services		3,579	
Dues and Memberships		1,586	
Evaluation and Testing		1,100	
Maintenance and Repair Services - Buildings		371	
Maintenance and Repair Services - Equipment		348	
Maintenance and Repair Services - Office Equipment		698	
Maintenance and Repair Services - Vehicles		45,021	
Pest Control		594	
Travel		1,405	
Tuition		13,896	
Custodial Supplies		157	
Electricity		12,537	
Food Supplies		1,465	
Gasoline		100,783	
Law Enforcement Supplies		21,152	
Office Supplies		8,621	
Tires and Tubes		11,956	
Uniforms		14,878	
Vehicle Parts		24,918	
Water and Sewer		830	
Criminal Investigation of Applicants - TBI		2,600	
Motor Vehicles		6,395	
Total Sheriff's Department			\$ 1,454,263

Special Patrols

Deputy(ies)	\$	316,177	
Social Security		18,099	
Pensions		15,602	
Medical Insurance		36,813	
Unemployment Compensation		786	
Employer Medicare		4,233	
Uniforms		2,145	
Total Special Patrols			393,855

Jail

Supervisor/Director	\$	39,911	
Guards		571,721	
Secretary(ies)		32,377	
Social Security		38,474	

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Pensions	\$	30,379	
Medical Insurance		41,756	
Unemployment Compensation		1,834	
Employer Medicare		8,998	
Communication		5,433	
Evaluation and Testing		1,575	
Maintenance and Repair Services - Buildings		5,313	
Maintenance and Repair Services - Office Equipment		1,372	
Maintenance and Repair Services - Vehicles		1,148	
Pest Control		420	
Travel		424	
Other Contracted Services		125,083	
Custodial Supplies		14,735	
Drugs and Medical Supplies		201,528	
Food Preparation Supplies		136	
Food Supplies		118,468	
Law Enforcement Supplies		2,619	
Office Supplies		3,959	
Prisoners Clothing		3,087	
Uniforms		6,816	
Vehicle Parts		1,127	
Other Supplies and Materials		4,528	
Other Charges		51,975	
Office Equipment		2,421	
Total Jail			\$ 1,317,617

Juvenile Services

Youth Service Officer(s)	\$	25,557	
Psychological Personnel		37,981	
Social Security		3,404	
Pensions		3,189	
Medical Insurance		10,561	
Unemployment Compensation		112	
Employer Medicare		796	
Communication		962	
Contracts with Private Agencies		415	
Office Supplies		3,932	
Office Equipment		2,911	
Total Juvenile Services			89,820

Fire Prevention and Control

Contributions	\$	71,000	
Total Fire Prevention and Control			71,000

Rescue Squad

Contributions	\$	22,000	
Total Rescue Squad			22,000

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Other Emergency Management

Contracts with Private Agencies	\$ 151,000	
Total Other Emergency Management		\$ 151,000

County Coroner/Medical Examiner

Other Contracted Services	\$ 42,000	
Total County Coroner/Medical Examiner		42,000

Public Health and WelfareLocal Health Center

Communication	\$ 4,607	
Contracts with Other School Systems	172	
Contracts with Private Agencies	13,247	
Dues and Memberships	375	
Janitorial Services	6,900	
Legal Notices, Recording, and Court Costs	193	
Maintenance and Repair Services - Buildings	1,222	
Pest Control	420	
Postal Charges	918	
Electricity	9,547	
Food Supplies	149	
Office Supplies	530	
Water and Sewer	1,404	
Liability Insurance	11,409	
Building Improvements	145,142	
Total Local Health Center		196,235

Other Local Health Services

Medical Personnel	\$ 125,889	
Social Security	7,706	
Handling Charges and Administrative Costs	58	
Pensions	6,317	
Medical Insurance	7,723	
Unemployment Compensation	344	
Employer Medicare	1,802	
Travel	2,879	
Workers' Compensation Insurance	221	
Total Other Local Health Services		152,939

Sanitation Management

Contracts with Private Agencies	\$ 14,865	
Total Sanitation Management		14,865

Convenience Centers

Disposal Fees	\$ 168,000	
Total Convenience Centers		168,000

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Supervisor/Director	\$	32,919	
Secretary(ies)		24,651	
Social Security		3,350	
Pensions		2,884	
Medical Insurance		7,567	
Unemployment Compensation		113	
Employer Medicare		784	
Communication		2,053	
Contributions		7,000	
Maintenance and Repair Services - Buildings		967	
Maintenance and Repair Services - Office Equipment		480	
Pest Control		417	
Rentals		3,925	
Travel		979	
Custodial Supplies		327	
Electricity		14,783	
Gasoline		533	
Water and Sewer		1,721	
Total Senior Citizens Assistance			\$ 105,453

Libraries

Librarians	\$	57,749	
Other Salaries and Wages		74,596	
Social Security		7,480	
Pensions		5,054	
Medical Insurance		18,507	
Unemployment Compensation		401	
Employer Medicare		1,749	
Communication		2,796	
Contracts with Public Carriers		1,652	
Pest Control		417	
Travel		745	
Custodial Supplies		1,301	
Library Books/Media		1,947	
Office Supplies		6,364	
Other Charges		21,928	
Office Equipment		4,726	
Total Libraries			207,412

Parks and Fair Boards

Maintenance and Repair Services - Buildings	\$	3,811	
Maintenance and Repair Services - Equipment		1,048	
Maintenance and Repair Services - Vehicles		627	
Electricity		3,706	
Gasoline		853	
General Construction Materials		2,388	
Other Supplies and Materials		2,872	
Total Parks and Fair Boards			15,305

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Agriculture and Natural ResourcesAgricultural Extension Service

Contracts with Government Agencies	\$	56,671	
Contracts with Private Agencies		899	
Data Processing Services		2,208	
Operating Lease Payments		7,200	
Travel		896	
Custodial Supplies		349	
Electricity		2,219	
Office Supplies		2,092	
Water and Sewer		480	
Total Agricultural Extension Service			\$ 73,014

Forest Service

Contributions	\$	500	
Total Forest Service			500

Soil Conservation

Secretary(ies)	\$	36,046	
Social Security		2,100	
Pensions		1,809	
Medical Insurance		4,394	
Unemployment Compensation		56	
Employer Medicare		491	
Data Processing Services		2,026	
Dues and Memberships		660	
Rentals		3,000	
Travel		234	
Other Contracted Services		5,000	
Electricity		2,059	
Instructional Supplies and Materials		1,880	
Office Supplies		441	
Water and Sewer		552	
Total Soil Conservation			60,748

Other OperationsVeterans' Services

Supervisor/Director	\$	13,185	
Social Security		769	
Unemployment Compensation		56	
Employer Medicare		180	
Communication		2,151	
Contracts with Private Agencies		449	
Total Veterans' Services			16,790

Other Charges

Contributions	\$	107,000	
Total Other Charges			107,000

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)Other Operations (Cont.)Employee Benefits

Workers' Compensation Insurance	\$ 48,260	
Total Employee Benefits		\$ 48,260

COVID-19 Grant #1

Other Supplies and Materials	\$ 2,046	
Total COVID-19 Grant #1		2,046

HighwaysLitter and Trash Collection

Deputy(ies)	\$ 27,344	
Part-time Personnel	3,500	
Social Security	1,897	
Pensions	1,550	
Medical Insurance	13	
Unemployment Compensation	62	
Employer Medicare	444	
Dues and Memberships	170	
Maintenance and Repair Services - Vehicles	802	
Gasoline	3,804	
Instructional Supplies and Materials	6,649	
Office Supplies	84	
Uniforms	350	
Total Litter and Trash Collection		46,669

InstructionCareer and Technical Education Program

Instructional Supplies and Materials	\$ 28,911	
Vocational Instruction Equipment	16,600	
Total Career and Technical Education Program		45,511

Total General Fund \$ 7,750,012

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Supervisor/Director	\$ 51,357	
Clerical Personnel	13,442	
Attendants	816,133	
In-service Training	255	
Social Security	64,061	
Pensions	38,177	
Medical Insurance	75,080	
Unemployment Compensation	125	
Communication	11,631	
Contracts with Government Agencies	26,925	
Data Processing Services	5,119	
Dues and Memberships	960	

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Ambulance Service Fund (Cont.)Public Health and Welfare (Cont.)Ambulance/Emergency Medical Services (Cont.)

Fiscal Agent Charges	\$	11,674	
Licenses		2,430	
Maintenance and Repair Services - Buildings		4,819	
Maintenance and Repair Services - Equipment		1,530	
Maintenance and Repair Services - Vehicles		59,912	
Postal Charges		99	
Travel		783	
Disposal Fees		3,748	
Other Contracted Services		48,957	
Custodial Supplies		2,202	
Diesel Fuel		41,135	
Drugs and Medical Supplies		54,848	
Electricity		11,623	
Natural Gas		1,727	
Office Supplies		540	
Tires and Tubes		8,419	
Uniforms		4,133	
Water and Sewer		3,162	
Other Supplies and Materials		12,663	
Liability Insurance		7,210	
Trustee's Commission		20,703	
Vehicle and Equipment Insurance		7,457	
Workers' Compensation Insurance		30,322	
Data Processing Equipment		14,249	
Motor Vehicles		17,950	
Total Ambulance/Emergency Medical Services			\$ 1,475,560

Total Ambulance Service Fund \$ 1,475,560

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$	2,755	
Evaluation and Testing		650	
Tuition		275	
Veterinary Services		476	
Animal Food and Supplies		904	
Law Enforcement Supplies		43,252	
Trustee's Commission		76	
Motor Vehicles		34,275	
Total Drug Enforcement			\$ 82,663

Total Drug Control Fund 82,663

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Constitutional Officers - Fees FundAdministration of JusticeChancery Court

Special Commissioner Fees/Special Master Fees	\$	7,665	
Constitutional Officers' Operating Expenses		306	
Total Chancery Court			\$ 7,971

Total Constitutional Officers - Fees Fund \$ 7,971

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	81,368	
Assistant(s)		41,465	
Secretary(ies)		31,349	
Board and Committee Members Fees		16,400	
Social Security		10,006	
Pensions		9,369	
Medical Insurance		48,150	
Employer Medicare		2,340	
Advertising		256	
Dues and Memberships		2,624	
Fiscal Agent Charges		18,300	
Legal Notices, Recording, and Court Costs		22	
Maintenance and Repair Services - Buildings		15,025	
Office Supplies		1,650	
Total Administration			\$ 278,324

Highway and Bridge Maintenance

Foremen	\$	34,620	
Equipment Operators - Heavy		60,350	
Equipment Operators - Light		220,414	
Truck Drivers		57,601	
Laborers		31,024	
Social Security		22,999	
Pensions		24,406	
Medical Insurance		131,305	
Employer Medicare		5,379	
Other Contracted Services		33,109	
Asphalt - Cold Mix		1,917	
Asphalt - Hot Mix		1,276,088	
Crushed Stone		29,354	
Other Road Materials		4,473	
Pipe - Metal		11,145	
Road Signs		3,136	
Total Highway and Bridge Maintenance			1,947,320

Operation and Maintenance of Equipment

Mechanic(s)	\$	34,620	
Social Security		1,947	

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Pensions	\$	2,095	
Medical Insurance		16,877	
Employer Medicare		455	
Maintenance and Repair Services - Vehicles		11,510	
Other Contracted Services		80	
Diesel Fuel		31,791	
Equipment Parts - Heavy		8,821	
Equipment Parts - Light		25,831	
Garage Supplies		599	
Gasoline		30,315	
Lubricants		5,013	
Tires and Tubes		8,110	
Total Operation and Maintenance of Equipment			\$ 178,064

Ferry Operations

Equipment Operators - Heavy	\$	61,302	
Social Security		3,451	
Pensions		3,709	
Medical Insurance		22,023	
Employer Medicare		807	
Total Ferry Operations			91,292

Other Charges

Unemployment Compensation	\$	6,820	
Communication		5,352	
Electricity		4,904	
Water and Sewer		438	
Trustee's Commission		26,673	
Vehicle and Equipment Insurance		26,077	
Workers' Compensation Insurance		28,484	
Total Other Charges			98,748

Capital Outlay

Bridge Construction	\$	370,599	
Highway Equipment		61,988	
Total Capital Outlay			<u>432,587</u>

Total Highway/Public Works Fund \$ 3,026,335

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	71,905	
Principal on Notes		99,941	
Total General Government			\$ 171,846

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund (Cont.)Principal on Debt (Cont.)Education

Principal on Bonds	\$ 1,574,868	
Total Education		\$ 1,574,868

Interest on DebtGeneral Government

Interest on Bonds	\$ 2,164	
Interest on Notes	4,408	
Total General Government		6,572

Education

Interest on Bonds	\$ 202,098	
Total Education		202,098

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 19,400	
Other Debt Service	1,152	
Total General Government		20,552

Education

Other Debt Service	\$ 7,160	
Total Education		7,160

Total General Debt Service Fund \$ 1,983,096

General Capital Projects FundCapital ProjectsGeneral Administration Projects

Trustee's Commission	\$ 2,567	
Building Improvements	122,571	
Total General Administration Projects		\$ 125,138

Administration of Justice Projects

Motor Vehicles	\$ 43,475	
Total Administration of Justice Projects		43,475

Public Safety Projects

Engineering Services	\$ 515	
Total Public Safety Projects		515

Public Health and Welfare Projects

Engineering Services	\$ 29,850	
Evaluation and Testing	11,288	
Other Charges	783	
Building Improvements	53,825	
Health Equipment	20,000	
Other Construction	150,326	
Total Public Health and Welfare Projects		266,072

Total General Capital Projects Fund 435,200

(Continued)

Exhibit J-7

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Contracts with Private Agencies	\$	1,079	
General Construction Materials		867	
Pipe - Metal		2,822	
Building Construction		19,000	
Site Development		50,000	
Total Industrial Development			<u>\$ 73,768</u>

Total Community Development/Industrial Park Fund \$ 73,768

Total Governmental Funds - Primary Government \$ 14,834,605

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department
For the Year Ended June 30, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,784,443	
Career Ladder Program	33,500	
Homebound Teachers	2,959	
Educational Assistants	156,066	
Bonus Payments	123,152	
Social Security	466,447	
Pensions	776,451	
Employee and Dependent Insurance	5,256	
Life Insurance	3,786	
Medical Insurance	1,064,929	
Unemployment Compensation	4,068	
Employer Medicare	109,089	
Evaluation and Testing	52,724	
Maintenance and Repair Services - Equipment	500	
Tuition	10,671	
Contracts for Substitute Teachers - Certified	175,118	
Contracts for Substitute Teachers - Non-certified	6,933	
Gasoline	101	
Instructional Supplies and Materials	91,032	
Textbooks - Bound	571,663	
Uniforms	24,792	
Regular Instruction Equipment	7,522	
Total Regular Instruction Program		\$ 11,471,202

Special Education Program

Teachers	\$ 884,362	
Career Ladder Program	3,000	
Homebound Teachers	3,761	
Educational Assistants	279,972	
Speech Pathologist	39,605	
Longevity Pay	3,430	
Other Salaries and Wages	38,262	
Social Security	73,573	
Pensions	109,862	
Employee and Dependent Insurance	44,676	
Life Insurance	817	
Medical Insurance	114,027	
Unemployment Compensation	920	
Employer Medicare	17,207	
Maintenance and Repair Services - Equipment	2,357	
Contracts for Substitute Teachers - Certified	9,492	
Contracts for Substitute Teachers - Non-certified	26,747	
Instructional Supplies and Materials	41,072	
Other Supplies and Materials	7,097	
Special Education Equipment	50,575	
Total Special Education Program		1,750,814

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

General Purpose School Fund (Cont.)Instruction (Cont.)Career and Technical Education Program

Teachers	\$	707,270	
Social Security		41,455	
Pensions		67,654	
Life Insurance		312	
Medical Insurance		82,069	
Unemployment Compensation		341	
Employer Medicare		9,695	
Communication		1,002	
Maintenance and Repair Services - Buildings		1,149	
Maintenance and Repair Services - Equipment		1,281	
Rentals		599	
Contracts for Substitute Teachers - Certified		11,044	
Duplicating Supplies		2,414	
Instructional Supplies and Materials		11,712	
Vocational Instruction Equipment		37,773	
Total Career and Technical Education Program			\$ 975,770

Support ServicesAttendance

Supervisor/Director	\$	66,101	
Social Security		3,624	
Pensions		7,026	
Life Insurance		22	
Medical Insurance		12,086	
Unemployment Compensation		21	
Employer Medicare		847	
Communication		979	
Other Supplies and Materials		247	
Total Attendance			90,953

Health Services

Supervisor/Director	\$	59,517	
Medical Personnel		192,773	
Clerical Personnel		19,138	
Non-certified Substitute Teachers		13,850	
Social Security		16,061	
Pensions		24,799	
Employee and Dependent Insurance		1,250	
Life Insurance		143	
Medical Insurance		24,079	
Unemployment Compensation		172	
Employer Medicare		3,756	
Communication		2,733	
Travel		3,619	
Drugs and Medical Supplies		1,601	
Other Supplies and Materials		2,020	
Total Health Services			365,511

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Other Student Support

Guidance Personnel	\$	331,892	
Social Workers		65,857	
Secretary(ies)		23,811	
Other Salaries and Wages		46,711	
Social Security		26,686	
Pensions		39,831	
Employee and Dependent Insurance		3,504	
Life Insurance		212	
Medical Insurance		68,918	
Unemployment Compensation		301	
Employer Medicare		6,241	
Communication		1,152	
Contracts with Government Agencies		215,740	
Total Other Student Support			\$ 830,856

Regular Instruction Program

Supervisor/Director	\$	250,724	
Career Ladder Program		4,000	
Librarians		106,087	
Social Security		21,750	
Pensions		39,298	
Life Insurance		113	
Medical Insurance		36,459	
Unemployment Compensation		111	
Employer Medicare		5,087	
Communication		3,729	
Contracts with Private Agencies		36,000	
Dues and Memberships		125	
Travel		29,947	
Tuition		3,439	
Contracts for Substitute Teachers - Certified		1,468	
Other Contracted Services		156,193	
Drugs and Medical Supplies		1,987	
Food Supplies		5,317	
Instructional Supplies and Materials		17,898	
Library Books/Media		4,407	
Office Supplies		8,874	
Other Supplies and Materials		32,724	
In Service/Staff Development		13,964	
Regular Instruction Equipment		8,861	
Other Equipment		47,966	
Total Regular Instruction Program			836,528

Special Education Program

Career Ladder Program	\$	1,000
Secretary(ies)		166,962

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Special Education Program (Cont.)

Longevity Pay	\$	1,610	
Other Salaries and Wages		171,557	
Social Security		20,483	
Pensions		24,661	
Employee and Dependent Insurance		22,119	
Life Insurance		202	
Medical Insurance		5,590	
Unemployment Compensation		214	
Employer Medicare		4,790	
Communication		4,627	
Postal Charges		990	
Travel		3,040	
Other Contracted Services		105,386	
Duplicating Supplies		3,423	
Other Supplies and Materials		42,881	
In Service/Staff Development		19,089	
Other Charges		11,695	
Other Equipment		50,812	
Total Special Education Program			\$ 661,131

Career and Technical Education Program

Supervisor/Director	\$	84,517	
Career Ladder Program		1,000	
Secretary(ies)		29,806	
Longevity Pay		945	
Social Security		7,069	
Pensions		10,906	
Employee and Dependent Insurance		5,256	
Life Insurance		43	
Unemployment Compensation		42	
Employer Medicare		1,653	
Communication		576	
Travel		2,092	
Total Career and Technical Education Program			143,905

Technology

Longevity Pay	\$	875	
Other Salaries and Wages		162,714	
Social Security		10,051	
Pensions		12,524	
Life Insurance		86	
Unemployment Compensation		66	
Employer Medicare		2,351	
Communication		2,959	
Contracts with Other Public Agencies		17,025	
Maintenance and Repair Services - Equipment		7,363	

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Technology (Cont.)

Maintenance and Repair Services - Office Equipment	\$	8,082	
Internet Connectivity		39,138	
Travel		3,075	
Gasoline		350	
Office Supplies		144	
Vehicle Parts		224	
Software		43,913	
Other Equipment		44,752	
Total Technology			\$ 355,692

Other Programs

On-behalf Payments to OPEB	\$	63,181	
Total Other Programs			63,181

Board of Education

Secretary to Board	\$	3,600	
Clerical Personnel		35,283	
Board and Committee Members Fees		25,200	
Social Security		3,960	
Pensions		2,522	
Life Insurance		22	
Unemployment Compensation		21	
Employer Medicare		926	
Audit Services		12,346	
Communication		925	
Contributions		2,500	
Dues and Memberships		16,347	
Legal Services		41,218	
Duplicating Supplies		4,199	
Other Supplies and Materials		10,393	
Liability Insurance		100,576	
Trustee's Commission		100,946	
Workers' Compensation Insurance		129,781	
In Service/Staff Development		1,575	
Fee Waivers		7,668	
Total Board of Education			500,008

Director of Schools

County Official/Administrative Officer	\$	103,290	
Career Ladder Program		827	
Salary Supplements		2,000	
Social Security		6,364	
Pensions		11,280	
Life Insurance		22	
Medical Insurance		15,636	
Unemployment Compensation		21	

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Employer Medicare	\$	1,488	
Communication		426	
Dues and Memberships		2,963	
Postal Charges		120	
Travel		4,271	
Office Supplies		938	
Total Director of Schools			\$ 149,646

Office of the Principal

Principals	\$	733,583	
Career Ladder Program		5,000	
Assistant Principals		241,219	
Secretary(ies)		348,006	
Longevity Pay		6,370	
Social Security		79,629	
Pensions		126,790	
Employee and Dependent Insurance		20,586	
Life Insurance		621	
Medical Insurance		91,497	
Unemployment Compensation		600	
Employer Medicare		18,623	
Communication		87,288	
Contracts for Substitute Teachers - Certified		1,550	
Duplicating Supplies		29,878	
Total Office of the Principal			1,791,240

Fiscal Services

Fiscal Agent Charges	\$	233,611	
Total Fiscal Services			233,611

Operation of Plant

Custodial Personnel	\$	640,608	
Longevity Pay		1,785	
Social Security		39,237	
Pensions		36,357	
Employee and Dependent Insurance		65,975	
Life Insurance		655	
Unemployment Compensation		905	
Employer Medicare		9,176	
Contracts with Government Agencies		115	
Contracts with Private Agencies		100,401	
Permits		1,615	
Custodial Supplies		75,147	
Electricity		629,707	
Natural Gas		39,948	
Water and Sewer		75,229	
Building and Contents Insurance		136,595	
Total Operation of Plant			1,853,455

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Maintenance of Plant

Maintenance Personnel	\$	135,576	
Social Security		8,010	
Pensions		8,270	
Life Insurance		65	
Medical Insurance		18,633	
Unemployment Compensation		60	
Employer Medicare		1,873	
Communication		1,734	
Contracts with Private Agencies		33,966	
Maintenance and Repair Services - Buildings		89,694	
Maintenance and Repair Services - Equipment		143,656	
Maintenance and Repair Services - Vehicles		3,599	
Travel		448	
Gasoline		2,036	
Uniforms		1,234	
Total Maintenance of Plant			\$ 448,854

Transportation

Bus Drivers	\$	50,284	
Other Salaries and Wages		65,351	
Social Security		7,096	
Pensions		3,062	
Employee and Dependent Insurance		1,095	
Unemployment Compensation		208	
Employer Medicare		1,660	
Contracts with Private Agencies		15,228	
Contracts with Parents		8,117	
Contracts with Vehicle Owners		847,908	
Evaluation and Testing		4,401	
Maintenance and Repair Services - Vehicles		6,167	
Diesel Fuel		11,695	
Total Transportation			1,022,272

Operation of Non-Instructional ServicesCommunity Services

Other Salaries and Wages	\$	56,839	
Social Security		2,965	
Pensions		3,467	
Employee and Dependent Insurance		5,256	
Life Insurance		43	
Medical Insurance		12,909	
Unemployment Compensation		42	
Employer Medicare		693	
Total Community Services			82,214

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education

Supervisor/Director	\$	12,796	
Teachers		163,965	
Educational Assistants		76,319	
Other Salaries and Wages		3,300	
Social Security		14,235	
Pensions		19,872	
Life Insurance		187	
Medical Insurance		28,745	
Unemployment Compensation		229	
Employer Medicare		3,329	
Maintenance and Repair Services - Equipment		364	
Contracts for Substitute Teachers - Certified		8,765	
Contracts for Substitute Teachers - Non-certified		4,630	
Other Contracted Services		2,950	
Food Supplies		824	
Instructional Supplies and Materials		40,713	
Other Supplies and Materials		14,271	
In Service/Staff Development		11,884	
Other Equipment		27,721	
Total Early Childhood Education			\$ 435,099

Other Debt ServiceEducation

Other Debt Service	\$	781,150	
Total Education			<u>781,150</u>

Total General Purpose School Fund \$ 24,843,092

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	122,081	
Educational Assistants		237,702	
Longevity Pay		1,575	
Other Salaries and Wages		5,460	
Social Security		22,009	
Pensions		27,718	
Employee and Dependent Insurance		19,710	
Life Insurance		365	
Medical Insurance		13,168	
Unemployment Compensation		396	
Employer Medicare		5,147	
Contracts for Substitute Teachers - Certified		2,482	
Contracts for Substitute Teachers - Non-certified		12,555	
Instructional Supplies and Materials		148,998	
Regular Instruction Equipment		38,630	
Total Regular Instruction Program			\$ 657,996

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

School Federal Projects Fund (Cont.)Instruction (Cont.)Special Education Program

Teachers	\$	224,863	
Educational Assistants		160,328	
Speech Pathologist		40,803	
Social Security		25,479	
Pensions		35,884	
Employee and Dependent Insurance		5,256	
Life Insurance		340	
Medical Insurance		24,272	
Unemployment Compensation		396	
Employer Medicare		5,959	
Contracts for Substitute Teachers - Certified		1,998	
Contracts for Substitute Teachers - Non-certified		16,475	
Other Supplies and Materials		1,408	
Special Education Equipment		6,300	
Total Special Education Program			\$ 549,761

Career and Technical Education Program

Instructional Supplies and Materials	\$	4,719	
Other Supplies and Materials		8,374	
Vocational Instruction Equipment		55,362	
Total Career and Technical Education Program			68,455

Support ServicesOther Student Support

Social Workers	\$	9,294	
Other Salaries and Wages		187,976	
Social Security		11,399	
Pensions		20,352	
Life Insurance		86	
Medical Insurance		25,106	
Unemployment Compensation		89	
Employer Medicare		2,666	
Communication		576	
Travel		113	
Other Supplies and Materials		48	
In Service/Staff Development		3,514	
Other Charges		2,828	
Total Other Student Support			264,047

Regular Instruction Program

Supervisor/Director	\$	90,696	
Clerical Personnel		32,544	
Other Salaries and Wages		218,844	
Social Security		20,008	
Pensions		32,493	
Employee and Dependent Insurance		5,256	

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

School Federal Projects Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Life Insurance	\$	108	
Medical Insurance		22,913	
Unemployment Compensation		105	
Employer Medicare		4,679	
Communication		1,682	
Consultants		2,123	
Travel		1,816	
Other Supplies and Materials		2,014	
In Service/Staff Development		183,201	
Other Charges		14,438	
Other Equipment		327	
Total Regular Instruction Program			\$ 633,247

Special Education Program

Supervisor/Director	\$	85,517	
Psychological Personnel		62,517	
Other Salaries and Wages		111,850	
Social Security		15,747	
Pensions		27,626	
Life Insurance		86	
Medical Insurance		16,857	
Unemployment Compensation		84	
Employer Medicare		3,683	
Other Supplies and Materials		3,411	
In Service/Staff Development		3,664	
Total Special Education Program			331,042

Career and Technical Education Program

In Service/Staff Development	\$	1,965	
Total Career and Technical Education Program			1,965

Transportation

Contracts with Parents	\$	593	
Contracts with Vehicle Owners		159,163	
Total Transportation			159,756

Total School Federal Projects Fund \$ 2,666,269

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	63,477	
Cafeteria Personnel		655,358	
Social Security		43,283	
Pensions		46,714	
Life Insurance		688	

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

Central Cafeteria Fund (Cont.)Operation of Non-Instructional Services (Cont.)Food Service (Cont.)

Medical Insurance	\$	76,211	
Unemployment Compensation		1,068	
Employer Medicare		10,123	
Communication		4,080	
Contracts with Private Agencies		26,862	
Dues and Memberships		3,776	
Fiscal Agent Charges		13,506	
Maintenance and Repair Services - Equipment		20,733	
Travel		4,805	
Other Contracted Services		21,641	
Food Preparation Supplies		97,598	
Food Supplies		635,131	
Office Supplies		3,603	
USDA - Commodities		117,554	
Other Charges		1,260	
Food Service Equipment		86,594	
Total Food Service			\$ 1,934,065

Total Central Cafeteria Fund

\$ 1,934,065

Other Education Special Revenue FundInstructionRegular Instruction Program

Contracts with Private Agencies	\$	8,740,581	
Tuition		702	
Instructional Supplies and Materials		55,015	
Total Regular Instruction Program			\$ 8,796,298

Support ServicesRegular Instruction Program

In Service/Staff Development	\$	450	
Total Regular Instruction Program			450

Office of the Principal

Principals	\$	80,000	
Social Security		4,486	
Pensions		8,504	
Life Insurance		22	
Medical Insurance		12,086	
Unemployment Compensation		21	
Employer Medicare		1,049	
Communication		576	
Data Processing Services		8,297	
Total Office of the Principal			115,041

Total Other Education Special Revenue Fund

8,911,789

(Continued)

Exhibit J-8

Union County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Union County School Department (Cont.)

<u>Education Capital Projects Fund</u>		
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Engineering Services	\$ 6,000	
Building Improvements	400,480	
Heating and Air Conditioning Equipment	48,378	
Regular Instruction Equipment	89,250	
Site Development	372,811	
Transportation Equipment	171,762	
Total Regular Capital Outlay		\$ 1,088,681
Total Education Capital Projects Fund		\$ 1,088,681
Total Governmental Funds - Union County School Department		\$ 39,443,896

Exhibit J-9

Union County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2020

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 747,416
Total Cash Receipts	<u>\$ 747,416</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 739,942
Trustee's Commission	7,474
Total Cash Disbursements	<u>\$ 747,416</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
Cash Balance, June 30, 2020	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditor's Report

Union County Mayor and
Board of County Commissioners
Union County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union County's internal control. Accordingly, we do not express an opinion on the effectiveness of Union County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

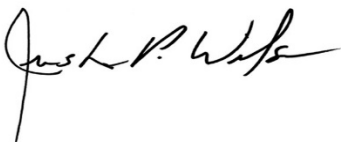
Union County's Response to the Finding

Union County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Union County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 6, 2020

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Union County Mayor and
Board of County Commissioners
Union County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Union County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Union County's major federal programs for the year ended June 30, 2020. Union County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Union County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes

examining, on a test basis, evidence about Union County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Union County's compliance.

Opinion on Each Major Federal Program

In our opinion, Union County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Union County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Union County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Union County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

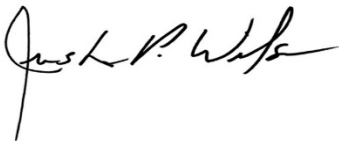
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union County's basic financial statements. We issued our report thereon dated November 6, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 6, 2020

JPW/tg

Union County, Tennessee, and the Union County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3)
For the Year-Ended June 30, 2020

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	\$ 322,907 (6)
COVID 19 - School Breakfast Program	10.553	N/A	110,847 (6)
National School Lunch Program	10.555	N/A	976,553 (6)
COVID 19 - National School Lunch Program	10.555	N/A	176,295 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	117,554 (6)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	7,360 (6)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG2064220	14,651
Total U.S. Department of Agriculture			<u>\$ 1,726,167</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM 19-16	\$ 53,825
Total U.S. Department of Housing and Urban Development			<u>\$ 53,825</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Plan	16.922	N/A	\$ 45,068
Total U.S. Department of Justice			<u>\$ 45,068</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction Cluster: (5)			
Highway Planning and Construction	20.205	(4)	\$ 515
Highway Safety Cluster: (5)			
National Priority Safety Programs	20.616	(4)	14,200
Total U.S. Department of Transportation			<u>\$ 14,715</u>
Appalachian Regional Commission:			
Passed through State Department of Economic and Community Development:			
Appalachian Area Development	23.002	(4)	\$ 174,717
Total Appalachian Regional Commission			<u>\$ 174,717</u>
U.S. Department of Education:			
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	\$ 64,704
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,283,162
Special Education Cluster: (5)			
Special Education-Grants to States	84.027	N/A	1,018,068
Special Education - Preschool Grants	84.173	N/A	22,488
Career and Technical Education - Basic Grants to States	84.048	N/A	73,934
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	95,629
Rural Education	84.358	N/A	54,663
Improving Teacher Quality State Grants	84.367	N/A	160,028
Student Support and Academic Enrichment Program	84.424	N/A	53,923
Passed-through Grainger County Board of Education:			
English Language Acquisition Grants	84.365	N/A	784
Total U.S. Department of Education			<u>\$ 2,827,383</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Aging Cluster: (5)			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(4)	\$ 16,711
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG2064220	2,136
Family Planning Services	93.217	GG2064220	5,011
National State Based Tobacco Control Programs	93.305	GG2064220	860

(Continued)

Union County, Tennessee, and the Union County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services (Cont.):			
Passed-through State Department of Health (Cont.):			
Medicaid Cluster: (5)			
Medical Assistance Program	93.778	GG2064220	\$ 12,746
Maternal and Child Health Services Block Grant to the States	93.994	GG2064220	18,531
Passed Through State Department of Mental Health and Substance Abuse:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	33,127
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	66,206
Direct Program:			
COVID 19 - Provider Relief Fund	93.498	N/A	27,183
Total U.S. Department of Health and Human Services			<u>\$ 182,511</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	34101-11720	\$ 65,181 (6)
COVID 19 - Disaster Relief Fund - PPE	97.036	N/A	3,670 (6)
Total U.S. Department of Homeland Security			<u>\$ 68,851</u>
Total Expenditures of Federal Grants			<u>\$ 5,093,237</u>
<u>State Grants</u>		Contract Number	
Juvenile Services Program - State Children's Services Commission	N/A	(4)	\$ 9,000
Access to Health Initiative Services - State Department of Health	N/A	(4)	21,040
Litter Program - State Department of Transportation	N/A	(4)	39,668
Health Department Program- State Department of Health	N/A	(4)	98,962
Disaster Grants - State Department of Military	N/A	(4)	10,864
ThreeStar - State Department of Economic and Community Development	N/A	(4)	45,511
Special Needs Grant - State Department of Health	N/A	(4)	120,000
Asset Enhancement Grant- State Department of Economic and Community Development	N/A	(4)	164
Early Childhood Education- State Department of Education	N/A	(4)	436,537
Coordinated School Health Program	N/A	(4)	88,407
School Transportation School Bus Seat Restraining Grant - State Department of Education	N/A	(4)	25,686
Family Resource Centers - State Department of Education	N/A	(4)	29,612
Safe Schools Act - State Department of Education	N/A	(4)	124,344
School Safety - State Department of Education	N/A	(4)	132,684
School Resource Officer Grant - State Department of Education	N/A	(4)	70,000
Supporting Postsecondary Access in Rural Counties Grant - TN Higher Education Committee	N/A	(4)	36,000
Drivers Education - State Department of Education	N/A	(4)	7,076
COVID 19 - PPE - State Department of Military	N/A	(4)	1,223
Total State Grants			<u>\$ 1,296,778</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Union County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) No amounts \$(0) were passed-through to subrecipients.
- (4) Information not available.
- (5) Cluster Totals: Child Nutrition Cluster \$1,711,516; Highway and Planning Construction Cluster \$515; Highway Safety Cluster \$14,200
Special Education Cluster \$1,040,556; Aging Cluster \$16,711; Medicaid Cluster \$12,746.
- (6) CFDA Totals: CFDA No. 10.553, \$433,754; CFDA No. 10.555, \$1,277,762; CFDA No. 97.036, \$68,851.

Union County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2020

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Union County, Tennessee, for the year ended June 30, 2020.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF REGISTER OF DEEDS

2019	201	2019-001	Bank statements were not accurately reconciled with the general ledger	N/A	Corrected
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Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

UNION COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Union County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 84.010 Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our audit, are presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. A written response for the finding is paraphrased and presented following the finding and recommendation. Management's corrective action plan, whether related to the financial statements or federal awards, is presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF SHERIFF

FINDING 2020-001

AN ANSWER KEY WAS USED TO COMPLETE ONLINE TRAINING ASSESSMENTS IN THE SHERIFF'S OFFICE (Noncompliance Under *Government Auditing Standards*)

State statutes grant the Tennessee Peace Officer Standards and Training (POST) Commission the power to develop, plan, and implement law enforcement training programs for local law enforcement officers in Tennessee, and to administer salary supplements for officers. Section 38-8-107(a)(3) *Tennessee Code Annotated (TCA)*, requires officers to complete an annual in-service training session, and Section 38-8-111, *TCA* provides that officers who successfully complete at least forty hours of in-service training at a school certified or recognized by the commission are entitled to receive a pay supplement from the POST commission in addition to the officer's regular salary.

In recent years, officers at the sheriff's department have completed annual in-service training through an online organization called the Virtual Academy. Virtual Academy training requires that officers watch a video, then complete a related assessment test consisting of multiple-choice questions based on the information contained in the training video. During the year, the POST commission received an allegation that officers in the sheriff's department were given an answer key to complete the assessment test. A copy of the alleged answer key was provided to the POST commission. The POST commission focused their initial review on the 2017 and 2018 training periods. Staff at the Virtual Academy confirmed that the answer key substantively matched the answers to the online assessments. Further analysis by the Virtual Academy staff revealed that most Union County officers, including the sheriff and chief deputy, were completing the course assessments in less than sixty seconds, compared to the average time of five to ten minutes per assessment for officers from other jurisdictions. Additionally, a large percentage of officers had perfect scores for most assessments.

POST, with assistance from our department, interviewed Union County Sheriff Billy Breeding, and Brian Smith, Chief Deputy in charge of the training program. They denied having seen or provided officers with the answer key provided to POST but did present a "study guide" for the training that had been issued to officers. The study guide consisted of the Virtual Academy assessment questions and related multiple-choice answers. They agreed that the study guide is likely how the answer key was developed. Smith also confessed to resetting the assessments multiple times for officers allowing them to eventually select the correct answers to questions. After continued questioning by POST commission staff, Sheriff

Breeding, admitted that he was aware that an answer key was being used by his officers to complete the online assessments.

Section 38-8-107(b), *TCA*, states “Failure of an individual officer to complete the in-service training requirement will result in the officer’s loss of eligibility for the pay supplement”. Officers were paid a training salary supplement of \$600 per officer for a total of \$15,000 and \$14,400, for the 2017 and 2018 years, respectively.

RECOMMENDATION

If the POST commission concludes that, because of the use of an answer key to complete online training assessments, officers did not successfully complete the in-service training requirement, then the POST commission should also determine if those officers were eligible for the training supplement. The sheriff’s department should then follow the recommendations of POST regarding the training program and any remedies recommended by the POST commission.

MANAGEMENT’S RESPONSE – SHERIFF

I concur with this finding. A new Department Training Officer is in place pending POST approval. The department will follow all recommendations and remedies set forth by the POST commission regarding this finding.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2020.

Union County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2020

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF SHERIFF

2020-001	An answer key was used to complete online training assessments in the sheriff's office	205
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UNION COUNTY SHERIFF'S OFFICE

130 VETERANS STREET SUITE B
MAYNARDVILLE TENNESSEE 37807
PHONE # 865-992-5212 FAX # 865-992-2349

SHERIFF
BILLY BREEDING

Corrective Action Plan

FINDING: AN ANSWER KEY WAS USED TO COMPLETE ONLINE TRAINING ASSESSMENTS IN THE SHERIFF'S OFFICE

Response and Corrective Action Plan Prepared by:

William Breeding II, Sheriff

Person Responsible for Implementing the Corrective Action:

William Breeding II, Sheriff

Anticipated Completion Date of Corrective Action:

Immediately

Repeat Finding:

No

Planned Corrective Action:

I concur with this finding. A new Department Training Officer is in place pending P.O.S.T. approval. The Department will follow all recommendations and remedies set forth by the P.O.S.T. commission regarding this finding.

Signature: 